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Dividend Forecast

Part I

100 Leading Rails, Utilities and Equipments Rated for Market Position and Dividend Outlook

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WITH THE EDITORS

Reading the Charts

EVERY so often some enthusiastic investor writes us to inquire what charts are necessary in forecasting the cost of security prices. Of course we are obliged to disillusion him with the statement that graphic charts are not forecasting devices *per se.* True, they may be valuable supplementary evidence, but it is foolhardy to predicate future action solely on the ground of what has happened in the past. And that is about all a chart of prices or earnings or dividends, etc., tells us. The graph, no matter what form it takes, is no more than a readily intelligible record of past events, and is prophetic only to the degree that history may repeat itself.

We find graphic records of value in studying fluctuations, highs, lows, resistance points, and occasionally perhaps in the establishment of a long range trend. Certainly they are the most convenient form of discovering the significant tendencies and turning points in data that must otherwise be presented in forbidding columns of figures, difficult of ready interpretation. In this capacity they are convenient aids in formulating judgment.

In another way they are particularly useful and informative in investigating the relationship of two fluctuating factors. For example a curve showing the rise and fall in bond prices, when plotted on the same graph with interest rates, clearly demonstrates the influence of money conditions on fixed income bearing securities. Again, it may be desirable to compare copper prices with earnings of a copper company. Over a period of years such a chart may suggest what the company may be expected to earn under given price conditions. We say only "suggests," however, for such a chart can do no more. There are other factors in the situation which the graph cannot reflect.

With their true value so recognized, graphic charts may be of great assistance. They are the quickest and most understandable means of conveying a large amount of information. That is why this publication uses graphs so frequently in its pages. But like everything else. their use and interpretation must be tempered with reason. Charts must be recognized for the valuable tool that they are, not projected and made to tell imaginary stories that, when translated into a basis for action, unsupported by further knowledge, may not be so profitable.

In the Next Issue

Part Two of the Mid-Year Dividend Forecast

Giving the dividend prospect and market outlook for leading stocks in important industries, including:

Steel	**Chemicals**	**Automobile**
Petroleum	**Merchandising**	**Accessories**
Metals	**Building**	**Food**

An Encyclopedia of Investment Information

Investment and Business Trend

Time for Action—Proper Comparisons—A Double Barreled Plebiscite—Tom Thumb Golf to the Rescue—Survival of the Fittest—Breaking Markets with Stability—The Market Prospect

TIME FOR ACTION

A SIZABLE proportion of the financial community is sitting around wringing its hands over the dearth of the security business, the dullness of markets and the apathy of investors, yet it is a time for vigorous action. There is a very definite message to be conveyed to the public at large. Memory is short, a new generation is rising and the idea that times of depressed prices are times of opportunity to the prudent and the prepared, needs more and frequent emphasis. The investment trusts, the insurance companies and wealthy individuals are amassing funds for wise investment in the market as opportunities arise. They are alive to the opportunity of low prices for income investment or for price appreciation. The average investor, however, displays the characteristic fearsome attitude of the public in a weak or dull market. He needs the encouragement and guidance of his bankers, brokers and financial adviser. Concerted and widespread counsel, looking facts in the face, free from Pollyanna economics but recognizing the potentialities for future benefit to be derived from the present situation, will serve the customer and client now, and incidentally lift the investing institutions of the country out of the doldrums.

PROPER COMPARISONS

THE American mind has so accustomed itself to the theory of rapid progress that if new records are not made, old limits exceeded and fresh growth not continuously exhibited then things are declared to be generally headed for disaster. But anything can be made to look dark or bright by comparison and the secret of proper comparative evaluation is in the choice of the standard. According to custom most of us have been busily comparing conditions now with the corresponding period of last year. But last year was one of abnormal activity—in not a few lines of abnormal prosperity. Naturally nearly everything looks slim by contrast but suppose we match conditions now with 1927 or 1928. Not so bad! And we were neither starving to death nor headed for calamity in those years. Now suppose we go back to 1920 and 1921 and make all proper allowances for factors that are operative now that were not existent then, and we feel still better. The path ahead does not look so long nor so dark. In fact we may begin to realize that superimposed on recessionary tendencies which have been in force for a long time we now have the customary summer lethargy in many branches of industry and trade. In the light of which present in-

dications of lessened volume of production and even a lower level of buying does not seem so menacing. Earning statements for the second quarter are generally low, but not unexpectedly so. Those of the third quarter will probably not show any vast improvement, but by that time we will be conscious of the fact that we are on a gradual upgrade. What we need is to keep a sane perspective in the mean time.

A DOUBLE-BARRELED PLEBISCITE

THE Conservative victory in the Canadian elections has a dual aspect and a strange slant. It is a hard slap in the face for Uncle Sam and his new tariff law. At the same time it is not the source of much comfort for the advocates of a British Empire protective system. Yet the Conservatives have ever been inimical to the United States and devoted to Imperial interests. On the other hand, the Liberals, long the advocates of low-tariff, reciprocal trade relations with the United States went into the campaign with recently imposed high tariffs, retaliatorily aimed at the United States, and strongly advocated the extension of preferential trade within the Empire. The Conservatives also stood for preferential trade—but within a tariff wall that would protect Canadian industries amply against British competition. They wanted it high enough to be hard climbing for the United States; but still high enough, after preferential deductions, to make the British manufacturer think about gold bricks. The result is that insofar as the economic unification of the British Empire might be injurious to the United States and is obstructed by the Conservative victory, that victory is not an unmixed evil from the American point of view. On the other hand—and what is vastly more important now—the Conservative victory means a determined and unrelenting effort to restrict imports from the United States. Our best customer is now set to get herself out of that role. We have deliberately invited that attitude.

But the matter does not end here. The Labor Government of Great Britain is toying with a socialistic scheme to purchase in bulk from British dependencies all the foodstuffs and even the raw materials required by the mother country. Even the strongest supporters of "Canada First" would be tempted to make considerable concessions for, say, the outright purchase of the whole or most of the Canadian wheat surplus at a good price—with the American wheat raiser looking on from behind his 200,000,000 bushel surplus and wondering what good his 42-cent tariff was doing him. . . . But the story is not yet told, with South Africa proclaiming the right of secession from the Empire and Australia in line with Canada for protection with strong teeth, even for relatives.

TOM THUMB GOLF TO THE RESCUE

AN economist of distinction lately deplored with rhetorical sobs the probability, as he saw it, that there were no more stimuli left in the world for American trade. Always before, he said, some magical new thing—the automobile—the movies—the radio—the electrical industry—had come along and picked us up out of the slough of despond and given us a vigorous push into a new era of prosperity. But there were no more automatic starters for business. There was nothing to do but fall back on the old crank. Even as he wrote a new stimulus was being incubated. Tom Thumb Golf has taken the nation by welcome storm. The entire overproduction of city lots bids fair to be absorbed within the next sixty days by miniature golf courses. Millions of Americans are playing the game and paying for it in a veritable flood of cash. Thousands of contractors have found opportunities for activity and tens of thousands of men jobs in making and running the courses. Our volatile people have forgotten hard times in the delights of the new game; they are regaining the spending habit and a hundred industries are feeling the revivifying effects of orders for material and equipment for the courses. It's a little game but it has a big kick.

THE SURVIVAL OF THE FITTEST

THE chaff is being winnowed out from the wheat throughout the business world. While times were booming it was simpler to hire a man than hunt for one and easier to hire another man than discharge the first if he didn't fill the bill. Now that economy is relatively more important than it was when the problem was rather how to count profits than to make them, executives are rebuilding their organizations with more of a view to efficiency than number. A Wall Street banker tells us that he discovered that his bank had far more employes than it needed: first, because of a general let down in efficiency during the easy-money period; and, second, because of the large proportion of misfits or incompetents. In consequence he is both firing and hiring. The best men are being retained and new picked men are replacing those who are "separated." It is a cruel but salutary process. "In the long run, though," said the banker, "it is not only good for the bank, but is justice to the competent and even to the incompetent. We want men who have the making of financiers as well as the ambition to be financiers. We had too many of the latter, too many who were out of place. The sooner they find the jobs they are fitted for the better for them. Most unsuccessful men are misplaced men."

BREAKING MARKETS WITH STABILITY

THERE are only perhaps a few old-timers in the financial district who remember the old petroleum market with its active speculative following in Wall Street. Those who may still recall this market also recall how it was broken up by "stabilization." The old Standard Oil Trust long considered this speculative market a thorn in the side of its purchasing departments, because the speculators frequently bid up prices for crude oil and the trust was then almost entirely a refinery

unit. Finally representatives of the trust placed huge orders to buy and to sell crude oil at a fixed price. They would take all that was offered at one price and sell all that the speculators demanded at the same price. Naturally, no one could make a profit under such an arrangement and the petroleum exchange quietly folded up its tent and ceased to exist as far as the speculative element was concerned. This old story of stabilization "breaking a market" has been repeated numerous times since, but perhaps never so vividly as in the case of the recent activities of the Federal Farm Board. No matter how well intentioned, the board has failed to help those who have grain for sale. When the Farm Board entered the grain markets last spring the speculators walked out. For generations, the grain market has depended on the composite judgment of the speculators as to future prices. When this factor was impaired, grain prices melted and the Government was left holding the bag that theretofore has been held and financed by speculators. The recent statement of Chairman Legge, that no Government wheat will be sold against the new crop looks a little like an open invitation for the bad little speculator boys to come back and play in the wheat pit. But they like to play in their own way. The idea of a big strong nurse maid to direct their games that takes the fun out of it. A drought scare now revives the speculative interest in grain that "stabilization" has stifled.

The Market Prospect

AFTER staging a recovery from the June-July decline, the market was forced to absorb a good deal of profit taking which automatically checked the rally and brought prices back into a trading range of rather narrow limits. The rally, while it lasted, was spirited but somewhat perfunctory. It dissipated a good deal of the heavy gloom that hung over the financial district during the period in which the June lows were recorded, but failed to substitute anything more than a sort of cautious hopefulness. All of which leaves the immediate future of the stock market in a somewhat uncertain state. That traders are pretty well discouraged insofar as active participation in this kind of a market is concerned, is indicated by the falling volume in recent sessions.

It is reasonable to expect that the market will have several important tests to undergo during the coming weeks. One of these tests may be the ability of the market to meet the "bear raids" that are talked about so much in declining sessions. This, however, is the least important test which the market has to face—if indeed there is any substance at all to the stories about bear interests alleged to be attempting to further depress prices. There seems, in fact, to have been a good deal of real old-fashioned stock liquidation going on during the past three months which has been spoken of, politely, as "bear raids" by market commentators who have come to regard "bears" and "declines" as synonymous terms.

The real test that the market faces at present is a test of the soundness of the prevailing price structure. During the past few years, an extensive revaluation of measurements for stock prices has taken place in an unobtrusive manner. To maintain a clear view of the market, one must remember that during 1928 and 1929, the base of the entire price structure of the stock market was moved upward. In a broad general way, this revaluation was a belated recognition of the financial strength and the industrial progressiveness of American business corporations. After the extremely severe decline in 1929 and the less severe decline this summer, stock prices look "cheap" from the new base which has been created for market values. But the permanency of this valuation basis has not as yet been definitely established. Perhaps, the testing process will end in some broad sort of compromise between the older and the newer standards of valuation.

In the meantime industrial and business conditions superimpose additional factors of uncertainty. Grain prices which many hoped had been stabilized at previous low levels, recently receded further and caused rather sharp unsettlement in the stock market. The usual summer dullness in business is greatly aggravated and may be prolonged sufficiently this year to create a generally unfavorable impression when the third quarter reports are forthcoming. As for the second quarter reports, too much is known about them already to do the market much good — or, for that matter much harm.

With so many bullish and bearish factors facing the market, sentiment in the financial district is pretty evenly divided concerning the immediate future course of prices. Under such circumstances, it is natural to anticipate irregularity in day to day trading. One must look to the market itself for indications as to whether it will break out of its present trading range through the top or out of the bottom. This, however, is a matter of particular concern to the trader and with the trading risks considerable in the current type of market one would be well advised to trade only with a limited portion of available funds until a more definite trend is indicated.

The investor's problem is rather one of the broader trend of prices. Will it pay to take advantage of the investment opportunities in a deflated market before the permanency of the market's present base has been more completely tested? Considering all probabilities, both on the constructive side and on the pessimistic side as well, we believe that it will pay to make investment commitments in sound stocks on the price recessions that are reasonable to anticipate in coming weeks.

Monday, August 4th, 1930.

An Inevitable Conflict

WHEN American industry winked a cynical eye and accepted Soviet orders for machinery, materials, engineering service and the loan of American brains it looked like nothing but a simple "business-is-business" proposition.

Naturally, of course, if the customer had something to sell in return, that American industry could use it would be glad to look at the samples.

It looked and bought—bought and bought—until now a hundred ships are engaged in conveying the products of Russian forests to the United States to say nothing of others that are conveying manganese, coal and other products. These imports already have divided American business into two hostile camps and have aroused the ire of organized labor.

The paper companies that are importing Russian pulpwood are located in the Atlantic Coast region, which has been long dependent upon pulp and pulpwood imports from Canada and elsewhere. Paper companies on the other side of the continent have plenty of pulpwood. One group wants Russian or any other foreign pulpwood kept out, the other wants it admitted.

The coal, lumber and manganese industries—all in a depressed condition—with hundreds of thousands of men out of work and wages being reduced for those employed—where the weakness of labor permits—bitterly protest against competitive Russian imports on the ground that they are the product of convict labor. A venerable provision of the tariff laws forbids such imports. But the steel interests demand Russian manganese, and other groups want cheap Russian coal and lumber.

Sailors on the pulpwood ships say that their vessels are entirely loaded by wretched men and women, convicts working under military guard, clothed in rags, underfed and living in filthy and disease-breeding conditions. Ample evidence has been collected by American consuls and representatives of the Department of Commerce that there are more than a hundred thousand convicts—mostly political prisoners—working in the logging camps and lumber mills of the White Sea area of Russia.

Yet, almost entirely on negative *ex parte* evidence submitted by the Soviet business representatives and lawyers the Treasury Department has decided to permit the entry of these hundred shiploads, subject only to the almost impossible condition that opposing interests shall be able to submit convincing proof against each cargo as it comes. The juristic position is admittedly a difficult one. In fact, the assistant secretary in charge of the matter appears to have reversed himself with neatness and dexterity within two or three days. In that interval great financial and business interests concerned with the annual hundred million dollars' worth of exports to Russia are credibly reported to have appealed directly to the President in behalf of the Soviet goods. In these times a hundred million dollars is not negligible.

But a bigger problem than convict labor goods looms. Effective January 1st, 1932, the new tariff law forbids imports of the products of forced labor. The American Federation of Labor is credited with having inspired this provision, with special view to supporting the thesis that all Soviet exports are the product of forced labor, in or out of prison. There impends, therefore, a dispute between American industrial proprietors and their employes over the fundamental nature of communism, in which employers will be forced into the embarrassing position of asserting the freedom of socialistic labor—if they continue their present policy of encouraging exports to Russia at any cost.

The easy acquiescence in the Soviet's representations regarding convict-made goods is a wedge as big as a barn door for the future admission of all Soviet products, regardless of the new law.

And that has momentous sequences.

After any Soviet industry has retained enough of any product for minimal domestic uses of its low-standard population, the surplus represents so much "velvet" for sale abroad at any price. It is virtually costless. The natural resources—the raw materials—are all nationalized, labor works for about a tenth of what it receives in America, the railroads and ships belong to the government. So soon as the farms, mills and factories and mines of Soviet Russia are fully equipped by American engineers with American machinery, under the program of industrializing Russia in a five-year period, their surplus production, if any, will be available for export at any price. It will compete with goods from factories that must purchase raw material, pay high wages and taxes, and sustain interest and profits. Next year or the year after the industrialization of Russian agriculture may flood the world with surplus wheat at any price—even with the Russian population on a starvation diet. Then the cancer of collectivist competition will spread to the already distressed agricultural area.

Our authorities are today winking at the entrance of goods that may or may not be convict-made but are certainly convict-loaded. Will they tomorrow remain indifferent, when the Soviet proceeds to put into international trade the products of the virtually compulsory labor of 150,000,000 people, working with nationalized or confiscated resources that cost nothing? Will business leaders and financiers exert their influence in behalf of such goods? To do so would be a perfectly logical and natural outcome of the eagerness with which they have done business with a customer who is boldly intent upon destroying them.

We suspect, though, that they are sardonically gambling on the prospect that the Soviet economic system will collapse before it shall have passed from the aspect of a flush buyer to that of a ruinous seller. In the meantime our Russian trading industrialists are reputed to be icily insisting that all new Soviet business must be "cash and carry."

From an etching by Anton Schutz

Chief Center of Gold Control—the U. S. Treasury

The World Has Gold Enough

Eminent Authority Says South African Production May Continue to Increase for Some Time—And Modern Currency and Credit Machinery Tends to Reduce the Volume of Gold Required—No Likelihood of a Dismal Period of Falling Prices Due to Shortage of Gold

By DR. M. H. DE KOCK

ON several occasions during the past eight years the fear of a shortage of gold in the near future and of its possible detrimental effects on prices and trade has agitated the minds of many economists and bankers.

In 1922 the Genoa Conference expressed the fear that if Europe were to return to the pre-war system of a gold standard, involving as it does the unlimited convertibility of notes into gold coins or bars and the unrestricted export of gold, the ensuing demand would bring about an appreciation in the value of gold with the consequent fall in the world price level and a depression in trade, and industry.

Owing to circumstances arising out of the war the existing world's stock of gold was inadequately distributed, the United States having an undue proportion thereof (about 40 per cent) and Europe having far too little, while prices had settled down to a level about 50 per cent above the pre-war one, and this factor in itself rendered a correspondingly larger volume of credit and currency necessary. It was recommended, therefore, that gold be economized as far as possible through co-operation amongst central banks and the adoption of the gold exchange standard as a substitute for an absolute gold standard in many cases. The need for the regulation of credit with a view to preventing undue fluctuations in the purchasing power of gold was also emphasized.

Since that time Professor Cassel, Joseph Kitchin, Sir Henry Strakosch, Dr. Mlynarski, Prof. Irving Fisher, and various others have tried to concentrate attention on the predicted probability of inadequate gold supplies in the near future, not only on the ground that the world's output of gold was sure to decline soon, but also in view of the fact that several of the Continental countries which adopted the *gold exchange* standard for the stabilization of their currency and exchange now seem to look upon it merely as a temporary expedient until sufficient gold has been accumulated for the adoption of the *gold bullion* standard. Their principal motive is of course to stress the need for economising gold wherever possible in order to avoid a downward trend in the price level and a state of protracted depression.

Some of them have deemed it advisable forcibly to recall the world's previous experiences with inadequate gold

supplies, such as during the period from 1873 to 1896 when there was a decline of about 45 per cent in the price level. On the other hand it is remarked that between 1896 and 1913 prices rose almost 40 per cent, and this is attributed principally to the large increase in gold output resulting from the exploitation of the gold deposits in South Africa.

For the same reasons the Financial Committee of the League of Nations has recently undertaken a survey of the gold question and the best means of securing the stabilization of the purchasing power of the precious metal.

While some economists have perhaps been too much inclined to attribute all changes in the price level to changes in gold supply or in the demand for gold and to establish a sort of mathematical precision in connection therewith, the consensus of authoritative opinion is certainly to the effect that a close relationship does exist between gold and prices. This is due, of course, to the fact that gold serves as the basis of the currency and credit of almost all countries, and that prices in turn are largely determined by the volume of currency and credit in use.

Money Works Harder

Besides the volume of currency and credit, however, there are other factors which may influence the course of prices by affecting the equation of exchange, as Professor Irving Fisher calls it, such as greater banking efficiency, increased use of checks and increased velocity of circulation of bank notes and checks, all of which have the effect of making a smaller amount of money do the same work as before. Another factor which affects the price level at times is a pronounced change in wages per unit of production and in business and technical efficiency. For example, it appears to be generally agreed now that the worldwide decline in commodity prices during the past three years has been caused rather by increased efficiency and lower production costs and excessive production in some instances than by the scramble for gold which took place last year.

Within certain limits, however, the value or purchasing power of gold does depend on the relation between the supply of or demand for gold. If the supply of gold is increased while the demand remains constant, commodity prices will be more or less correspondingly increased. The same thing will happen of course if the supply remains constant and demand declines. In considering the future trend of the price level, therefore, one must take into account the relative strength of the forces underlying the supply of and demand for gold for monetary purposes. The consumption of gold in the arts and industries does not show any extraordinary increased trend over long periods, after allowing for increase in population and trade, and may reasonably be expected to decrease somewhat as the value of gold rises and to increase as the latter falls. The hoarding of gold in countries like India and China is a very uncertain quantity and fluctuates considerably; during the last few years it appears to have diminished appreciably.

With regard to the monetary demand for gold, if all the countries which adopted the gold exchange standard since the War restored the full gold standard, and if at the same time the United States and France which now have gold reserves far in excess of their real monetary requirements do not take any steps to place some of their surplus gold at the disposal of other nations, the added burden thus thrown on the world's gold stocks would no doubt in the absence of a sudden increase in gold output bring about an appreciation in the value of gold and a drop in prices. Moreover, if the movement from a silver to a gold or gold exchange standard were to continue and spread to China, the burden would be increased appreciably. On the other hand, the recent substantial decline in commodity prices automatically reduces the amount of currency and credit required for handling the same volume of business.

Dr. de Kock is a distinguished South African economist and author of several works on economic and financial subjects. He received his degree of Ph.D. from Harvard University and was for a number of years a member of the Board of Trade and Industries of the Union of South Africa, a governmental body corresponding to our Department of Commerce, but with somewhat wider functions. He has visited the reserve banks of other countries and is now in the United States to examine the workings of the Federal Reserve System, which are of particular interest to South Africa which has a similar system. As a resident of the world's chief gold producing country and as an economist with a special interest in central banks, Dr. de Kock is qualified to speak with authority on the problem of the world's gold supply. It is consequently of exceptional significance that he takes issue with those publicists who have posited an insufficient supply of gold and have predicted, therefore, a distressing period of falling commodity prices with their attendant evils.—EDITOR.

The Supply Factor

As regards supply, if a substantial decline in output does take place and no steps are taken to economize gold more effectively than now, the result will similarly be an appreciation in the value of gold. There seems to be no good reason, however, why we should resign ourselves to our fate and allow either a decline in output or the adoption of the gold standard by countries with a gold exchange or silver standard to depress prices and trade. As Professor Cassel said some time ago, "gold should be the servant of humanity, not its master." Greater co-operation amongst central banks, perhaps through the Bank for International Settlements, lower reserve ratios, an international gold settlement fund, withdrawal of gold coins from circulation in such countries as South Africa, discouragement of hoarding, the use in conjunction with gold of platinum or some other mineral of great value whose price could be controlled in relation to gold, and other avenues could be explored for the purpose of economizing gold if and when it becomes necessary.

In view of the fact that in recent years the fear of a downward trend in the price level has been based rather upon the expectation of a decline in output than of an abnormal increase in demand, this article will deal principally with the question of gold production. As those who have stressed the likelihood of an early decline in the world's gold output have usually had in mind chiefly a decline in the South African production, the latter phase only will receive attention. For several years now the gold output of the Transvaal in South Africa has amounted to more than 50 per cent of the total world production, and this has naturally given rise to the widely accepted view that the future outlook for world gold production is controlled by the output of the Transvaal. While it is admitted by those mentioned above that in recent years the output of gold has been increased in Canada and Russia as well as in South Africa, the usual line of argument has

been that the anticipated decline in the South African gold output would be greater than any increase in the Canadian and Russian output and that of other countries could reasonably be expected to be.

More Gold from the Transvaal

With regard to the South African gold production, the bulk of the views to which world-wide publicity has been given in recent years has certainly been to the effect that an early and substantial decline in the gold output of the Transvaal is very likely. While this preponderance does not necessarily prove the case of course, it seems to have created an atmosphere of comparative certainty and definiteness in certain quarters regarding the whole matter. In a recent book on "Gold and Central Banks", for example, Dr. Mlynarski makes the following statements: "the output of the mines in Transvaal has already reached its peak point and we are on the eve of its decline", and "it is beyond dispute that the output of the South African mines has already passed its peak."

The point which I wish to emphasize at this early stage is that, while it cannot be stated definitely that the gold production of South Africa will not decline either temporarily or permanently during the next five or ten years, the inevitability of such a decline is by no means a generally accepted doctrine in South Africa itself. Both in Government and mining circles in South Africa there are several prominent and well-informed men who strongly hold the contrary view.

From time to time during the past ten years Mr. Joseph Kitchin, of London, has published his estimates of the gold output from the various producing areas for 1920-25, 1925-1930 and 1930-35. Toward the end of the first five-year period Mr. Kitchin revised his original estimate for that period as it had been too low, and at the same time he took the opportunity of revising his previous estimate for 1925-30 in an upward direction. In May, 1927, in a statement to the International Economic Conference at Geneva which I attended as the South African delegate, I said: "With regard to the production of gold in South Africa, the prospects for the continuance of the present rate of production for an extended period of years are now distinctly better than was considered to be the case in Union Government circles two years ago, and much better than it is represented by Mr. Joseph Kitchin and others. Mr. Kitchin has already had to raise his former estimate of the Rand's gold output in 1925-30 by a considerable amount, and there is every reason to believe that the actual output will exceed the revised estimate by a substantial figure." This prediction has proved to be the case, and by more than I anticipated at that time.

Ewing Galloway Photo

Scene in the Rand, Whence Comes More Than Half the World's Gold

In 1924 the gold production of the Transvaal surpassed the previous record reached in 1916, and since that year a new record has been established every year.

Between 1924 and 1929 there was an increase of 10 per cent in the Transvaal output, and the production for the first half of 1930 foreshadows the establishment of another record this year.

Lower Production Predictions

A few years ago Mr. Kitchin predicted that by 1934 or 1935 the annual production in South Africa would be about 30 per cent lower than at that time, and that during the period of 1929-34 the amount of new gold available for monetary purposes (after allowing for industrial requirements and hoarding) would not be greater than $125,000,000 per annum, whereas the computations of the world's monetary requirements ranged from $150,000,000 to $200,000,000 per annum. According to the estimate of the late Professor Lehfeldt, of South Africa, the amount of gold available for monetary purposes during that period would be about $200,000,000 per annum, which seems to be considerably nearer the mark.

About five years ago a good deal of discussion was aroused by the publication of a report of Sir Robert Kotze, who was the Government Mining Engineer in South Africa at the time, in which he stated that the gold production of the Rand would probably commence its decline in 1930 or 1931 and that by 1936 the decline would amount to about 48 per cent.

This estimate has been used so many times that it deserves some comment. If taken literally, as most commentators have unfortunately done, the estimate will most likely prove to be hopelessly incorrect as well as alarming. When subjected to analysis, however, it is found to be based on three assumptions, (1) that no new areas will be opened up on the Rand or in other parts of the Transvaal, (2) that no fresh capital will be made available for gold mining purposes in the Transvaal, and (3) that no further improvements in methods and costs will be brought about. As no one of these assumptions can justifiably be held to be valid in the case of the South African gold industry, it follows that the conclusions reached will have to be modified accordingly. That line of reasoning is common amongst scientists and technical men with a view to the elimination of changes and disturbing factors and is quite valuable up to a point, but it is dangerous and misleading without adequate explanation.

As for new areas, it is by no means established that there is no great likelihood of important new discoveries of gold

(*Please turn to page 642*)

Keystone View Photo

Consolidation for Mastery of the Air

By Theodore M. Knappen

Author of "Wings of War"

"LOOK at that bum landing!" said a high school boy, as one of the best professional pilots came to ground in a famous airport.

"And he *was* making a rotten landing," commented the manager of the port, himself a distinguished flyer.

"There is an answer to your question about the future of aviation," continued the manager; "when 16-year-old boys know whether a professional pilot is making a technically correct landing, you can assume that the coming generation is air-minded. The generation that boy belongs to is going to travel by air with as little concern as you travel by rail. That means, of course, a tremendous expansion of the aviation business."

The incident and the comment probably do tell the tale of the future of passenger travel by air. Rates are now low enough so that nothing but fear stands between the air lines and a great business. The generation that is now in charge of the nation's business is admittedly fearful of the airplane. That fear will be overcome, but slowly. How deep-seated it is was revealed to the writer when a man who has uncounted millions invested in the aviation industry and has been closely identified with aerial transport for at least twelve years remarked in explanation of the comparatively slow progress of the air passenger business that he always experienced a feeling of relief when he climbed out of a plane and put foot on earth, and likewise when he received word that any of his "boys" were safely back from the air. On the other hand the "boys" take off in an airplane with as little apprehension as the average man takes a train.

Of course, it is of atomic littleness to note that in 1929 there were 165,000 airway passengers in the United States. Minutely little, that is, in comparison with the numbers of people who travel by railway or automobile. But, on the other hand, the figures radiate promise when you consider that in 1927 there were only 8,572 regular route passengers in the whole of the United States. In that year the regular routes of Europe carried 102,000 passengers. Two years later the United States led Germany, the chief flying nation of Europe, by 45,000 passengers, and was nearing the point when its passenger transport statistics would surpass those of all Europe and perhaps of all the world. (At the rate for the first quarter, the number of regular route passengers will exceed 400,000 in 1930.) The "perhaps" is there because there is reason to believe that the less developed countries of great areas may take to the air in greater force than the well-developed nations of dense population and short distances between population masses. Obviously, Great Britain, with 40,000,000 people on 80,000 square miles is not going to find the airplane of so much practical value to her traveling public as Australia with six million people in 3,000,000 square miles. For example, Canada with ten million people and about the same area as the United States, recorded 75,000 regular airway passengers in 1929. In proportion to population, the United States should at the Canadian rate have seen 900,000 ticketed travelers take to the air.

Individual Remains Earth-Bound

But, now that every day sees a new air route in the United States, and the younger people—people born since the airplane became a fact—are becoming travelers, there is little doubt that regular airline passenger business will develop with rapidity hereafter if not with that immediacy that investors and promoters desire—and in some instances

Conservation of a Now Limited Market and Ambition to Control a Golden Future Inspire Rapid Merging and Integration of Aeronautical Companies—Passing of the Illusion of Extensive Popular Buying

woefully need. It will not be long before it will be the preferred method of travel for suitable distances.

But it will take more than passengers—more than mail—more than express and freight lines to make a truly great industry out of the aviation business, considered on the industrial and commercial as well as the transportation sides. The locomotive and car railway building shops of the United States never stirred the nation to a fine frenzy of business enthusiasm, nor did buses and trucks for regular motor transport give magnitude to the automobile industry; and the airplane works will never make much more than a merry neighborhood fuss out of supplying flying equipment to regular air transport lines. The future dimensions of the new industry depend more on individual and local ownership than they do on that of transportation corporations. It was not bus lines that inflated the automobile manufacturing business until it squeezed into first place among American manufacturing industries — it was the individual purchaser.

The Lindbergh Kick-Back

After the Lindbergh frenzy, which nicely synchronized with a general business boom, the statisticians of the aviation industry turned eagerly to their adding and multiplying machines, and soon rang up a tremendous dream total of machine sales in the near future. The b-r-r-r of the register bells was still radiating through the air when new aeronautical company flotations also took to the air—and found it hot—with great enthusiasm. Somehow those eager buyers, with bulbous eyes and pendant tongues, didn't mob the new airports that increased more rapidly than farms decreased in 1929—which is saying something notable. The manufacturers had already met their particular Waterloo when the grand smash of last October-November arrived. The commercial demand was sopped up rapidly early in the year, military demand slumped and the foreseen flocks of sportsmen and other individual users and owners did not appear. The business plunge and the continued depression have not been pleasant for the adolescent industry. A number of companies of magnitude and many of pettiness have revealed several subfloors of values.

"Here I am—a veteran of the air business," remarked a well known figure of the industry, "hooked for a trunkful of stock at about twice what it is worth according to the public."

"You need not be chagrined," replied a director in one of the great companies, "I am supposed to be an insider—and my stock cost me four times what I can get for it."

The big year of 1929 came to an end with a general realization in the industry that it had been going too fast for the current potential market. And yet that speed was tortoise-like, compared with the automobile industry. The total production of airplanes for civil use was 6,200, valued at $75,000,000, with an incidental output worth perhaps another $25,000,000. Put this against a real hard cash investment of not more than half a billion and a stock market valuation at one time of a billion dollars and it doesn't look so very big and dazzling to American eyes. Compared with the great days of production at the end of the war it is nothing. But even 6,200 planes were too many for the market—there was a big surplus.

Planes Without Purchasers

As one big manufacturer put it in an exaggerated way: "You can find an unsold plane in almost any barn." He was referring to the host of minor producers—most of whom are now being gathered together in the potter's field of nameless industry defuncts. As for the big producers, they are prone to change the subject when asked about their carryover.

A lesson has been learned—and that is that the market for airplanes among individuals is not going to grow rapidly. The hopes that once rested on last year's 20,000 applications for students' licenses are fading. It is now coldly calculated that not more than 5 per cent of the students are likely to become owners of airplanes. Not for many years will there be individual buying of airplanes on a scale even remotely comparable to that of automobiles. There is the fear factor which is far more restrictive of individual ownership than it is of patronage of commercial planes. And then there is the cost factor. The price range of airplanes begins about where that of automobiles reaches its peak. Finally, there is the inconvenience of use. You can't drop your airplane into your backyard garage.

Business Makes the Air Business

The immediate future market of the airplane, commercially speaking, is overwhelmingly for commercial purposes. At the end of 1929 there were 97 mail, passenger, freight and express lines in regular operation. Beyond these regular lines there is an extensive commercial field, classified as aerial service, which has developed much further in the United States than in any other country. The Department of Commerce estimates that at the end of 1929 there were 800 concerns in the United States doing a taxi and charter business, aerial advertising, crop dusting, exhibition flying, photographing and mapping and running training schools. Service operators were located in 1,064 airports, "ready to serve individuals or corporations," as the Aircraft Year Book puts it, "throughout the 24 hours of the day."

These services, it is calculated, flew a total of 1,304,207 hours and 103,000,000 miles, as compared with 22,000,000 miles for the scheduled lines. They carried almost 3,000,000 passengers, as against the 165,000 of the lines. Herein is much promise for the growth of the regular transport business. There is nothing to compare to this irregular passenger business anywhere else in the world. The same is true of the utilization by business executives of their own company machines for business purposes. And yet the total number of planes available for every sort of civil use was only a little over 12,000 which, even after allowing for export business was not a big base for a production of 6,200. The number of exported planes was 354. But,

speaking of exports, their real significance is that they reveal that the United States has a head-start on world markets.

It is not intended to belittle the progress of the aircraft industry by presenting these figures, which viewed absolutely are rather disappointing. The purpose is to show that at present the airplane industry is not one of enormous proportions, and to indicate that the market for the products of the manufacturing department of it is not now a very wide one, as width is measured in American commercial operations. The popular market for aircraft is now compared by the cool headed students of the industry to that for motor craft. Instead of an industry that will count its units by millions it will continue to measure them by thousands and tens of thousands.

Only Four Years Old

The industry went into a state of coma after the war. It had to be demobilized and the market was flooded with the government's enormous excess stocks. All of this was hard on producers, and the period was one of paralysis for transport companies, which the government did nothing to assist, while the case was quite the reverse in Europe. At the same time the dispersion of government planes did contribute enormously to the laying of a wide base for future developments. It brought to the air a host of adventurers whose unwilling sacrifice has paved the road to commercial success--for the mergers.

During the quiescent period the government did practically all the air route development in carrying the mails itself. It ignored the passenger business, and private concerns were unwilling to tackle the transport field without the backlog of mail patronage or direct subsidy. Regular organized aerial transport in the United States really dates from 1926 — about eight years behind Europe—when the government turned its mail routes over to contractors.

Keystone View Photo

The development since then has been remarkable, the mail contracts taking the place of the European practice of subsidies. They are the backbone of air transport. In 1926 the operators received about $4,000,000 for carrying the mails, in 1929 the amount was $17,000,000. Express and freight grew more slowly from 1,733,000 pounds to 2,000,000. The air mileage grew from 4,300,000 to 22,000,000 miles and will exceed 40,000,000 in 1930, and the total revenue from $765,000 to about $20,000,000. At the end of 1929 there were 32 domestic air mail routes and 27 major lines.

The fact that the postoffice was the main revenue support of the transport systems and that the army and navy took about one-third by value of the output of the aircraft manufacturers, soon made it evident that consolidations of companies would be in order. Take the government out of the scene and the air industries would die. The field of guaranteed revenue was too narrow for the host of companies that had entered it. Not only that but it was felt that the "market" must be conserved by integration—manufacture and operation must be merged. The leading manufacturers felt they must be relieved from disastrous competition by controlling the purchasers. So, American holding corporation technique entered the air field.

The policy of the postoffice department favors the development of a few great trunk-line transport companies, and these will inevitably tend to absorb the secondary and feeding lines. This policy practically compels mergers in one form or another of competing companies serving the same general routes. Under the new Watres law, governing mail transport, the system of certification of contracts insures long-time contracts and provides the backlog for substantial development, but this support might be frittered away by too much competition without that development of the passenger and commodity business that the government desires. This law bases the remuneration not on the amount of mail actually carried but upon a stipulated mail capacity, which may be far in excess of the space actually used. It thus has a strong subsidy aspect.

Four Great Groups

According to the Aircraft Year Book, "four great financial groups" that controlled most of the major air transport groups" that controlled most of the major air transport lines at the end of 1929. All of them are interested in other phases of the business to a greater or less extent, such as the various departments of manufacturing and the ownership of airports. They were named as the Aviation Corporation of Delaware, the Curtiss-Wright group, the United Aircraft and Transport Corporation and the Western Air Express-Fokker Aircraft Corporation.

More recent developments show that this fourth group is actually a General Motors Corporation group controlled by the new General Aviation Company.

Although the Ford interests are not at present concerned in air transport and are not of the holding company type, they must be considered in any survey of the progress of consolidation of the American air industries.

It is learned on the best authority that Henry Ford is deeply interested personally in the promotion of the aviation side of his business, which is at present represented by the Stout Metal Airplane Company. Wherever the long arms of the Ford Motor Company reach throughout the world, pressure is exerted in behalf of Ford airplanes, with Henry, and not Edsel, as the guiding genius. Henry hopes to live long

(Please turn to page 628).

¶ Shrewd management, unimpaired resources and satisfactory integration of recently merged institutions has maintained bank earnings on a sound basis, despite low interest rates and a low level of loans. An upturn in general business must make for sizable gains.

Are Bank Stocks in the Buying Zone?

By Arthur M. Leinbach

BUYERS of bank stocks, who found the market uncomfortably crowded last year by a large and enthusiastic speculative following, now have an opportunity to arrange their dealings in a quiet market place, at prices more to their taste. Bank stock dealers said last year that the speculative fever in this group of investments literally frightened away many of their best customers. If these buyers are returning to the fold in these deflated and quiet days, they will find a decided change in market conditions—but they will also find that the 1929 boom has left an indelible mark on both the investment status and the market status of their favorite issues.

For the bank stock market is no longer the semi-private little trading place for "rich men's stocks" that it has been traditionally known. It no longer enjoys its smug aloofness from the country's other investment markets, nor its old-time freedom from speculators—two characteristics which the small clique of buyers and sellers used to boast of in by-gone days. The spectacular rise in bank stock prices during 1928 and 1929, democratized the bank stock market and gave it both a public following and a dependence upon the trend of stock prices and general business conditions. So today, it waits for both business and the stock market to give it a cue for future price movements.

Following the Big Board

It is by no coincidence then that the low for bank stocks was reached at almost exactly the same time last year that stock exchange issues made their lows. From this point (in November) bank stocks rallied with the stock market and receded with the stock market. By April, 1930, they had established an advance of about 50 per cent over their November, 1929 values on the average. At the mid-point of the current year they had sold off to about 5 or 10 per cent above the November low. And perhaps still following the lead of the stock exchange, the bank stock market has turned into a rather dull and listless affair after its 1930 decline.

From this point, what will the bank stock group do? An obvious answer is that it will continue to do what the stock market does—but the answer is a little too obvious to be thoroughly dependable. There is a good deal of reason to believe that the bank stocks may have wrested some measure of freedom from the stock exchange movements in determining their own future price trend. In spite of all visual evidence to the contrary, it is still possible that in the second half of the year, price movements for the representative bank stocks might show some of their old-time independence from other security markets. At least the investor who intends to deal in these institutional shares, would do well to formulate a more intelligent program than merely to buy his bank stocks when the stock market is strong or sell them if and when weakness breaks out on the Big Board.

For one thing, even the most casual study of the bank stock market at present will disclose that the enthusiastic speculative following which these issues attracted during 1928 and 1929 is no longer present in full force. The so-called "outside buyer" (by which term bank stock dealers still refer to the public) has been broken down into two major groups and for the moment at least is "out of the market." Some are involuntary permanent investors by virtue of acquisitions of bank stocks at the prices which prevailed during the boom stage of the market last year. Another group is the unsuccessful speculators who were forced to liquidate their holdings in the midst of the decline. Thus, while the bank stock market has regained some of its exclusiveness, it has also lost a good many of its more venturesome buyers.

Effects of Speculation

Whether the bank stock market has gained or lost by the change depends largely upon one's point of view. To some of the bankers themselves and to many of the dyed-in-the-wool bank stock buyers, the speculative following that had been attracted to the market by the promise of quick profits was most unwelcome. Competitive bidding upset former standards of values and made it quite difficult to negotiate mergers and acquisitions. The tangible advantage of higher per share values during the height of the boom was largely offset by the almost certain knowledge that bank stocks in weak hands would be thrown upon the market in extremely heavy volume on the first danger signals. And the old-time buyers of bank stocks

Twenty Leading New York Banks

Name	000 Omitted Capital	Surplus and Profits	Deposits	Dollars per Share Book Value	12 Months' Earnings (to June 30, '30)	Recent Price	Dividend	Yield %
Bankers Trust	$25,000 (1)	$86,321	$732,005	$44	$5.67	$139	$3	2.1
Bank of N. Y. & Trust	6,000	14,699	113,860	345	34.50	645	18	2.6
Central Hanover	21,000 (3)	84,136	649,130	100	11.75	335	6	2.1
Chase	148,000 (3)	211,318	2,065,435	50	N	138	4	3.0
City	110,000 (3)	132,973	1,560,270	44	6.09	130	4	3.1
Chatham Phoenix	16,200 (3)	19,703	244,233	44	5.03	105	4	3.9
Chemical	15,000 (1)	22,632	396,967	25	2.89	65	1.8	2.9
Commercial National	7,000	9,452	105,503	235	22.35	375	..	..
Continental	6,000 (1)	11,354	37,792	29	1.73	28	1.2	4.2
Corn Exchange	12,100 (2)	23,296	253,042	58	5.44	159	4	2.5
Empire Trust	6,000 (2)	9,729	78,998	52	4.98	82	2.4	2.9
First National	10,000	108,600	392,099	1,186	208.26	4875	100	2.1
Guaranty Trust	90,000	206,385	1,379,330	329	31.51	608	20	3.0
Harriman National	2,000	2,725	48,858	236	52.60	1510	20	1.3
Irving Trust	50,000 (1)	84,814	616,242	27	2.28	49	1.6	3.3
Manhattan Co.*	39,530	......	......	N	N	110	4	3.5
Manufacturers	27,500 (2)	58,945	377,811	78	8.06	95	6	6.4
New York Trust	12,500 (3)	35,688	325,472	96	10.19	238	5	2.1
Title Guarantee	10,000 (3)	24,599	47,727	69	8.27	145	7.2	5.0
U. S. Trust	2,000	27,000	58,411	1,450	225.00	3900	70	1.7

(1) Capital stock of $10 par value. (2) Capital stock of $25 par value. (3) Capital stock of $20 par value. N—Indeterminable because of merger. * Holding company for Bank of Manhattan Trust Co. and International Acceptance Bank.

were accustomed to buy their stocks "for keeps"—a practice that was ill-adapted to a market that developed violent price changes.

An illustration of this highly disturbing factor was to be noted in the bank stock market during the first half of the current year. Following the severe 1929 price decline in the investment markets generally, the traditional "bargain hunters" found their way to Wall Street from every point of the compass. Bank stocks, drastically halved in price, looked cheap. To old buyers in the fall of 1929 and to new buyers in early 1930, the bank stocks at half their former price or less seemed to be on the bargain counter. The shares represented the same institutions, the same management, the same capital and surplus and approximately the same cash resources that they represented six months before. Old investments could be "averaged" advantageously and new commitments could be placed on a favorable basis. Naturally this buying was reflected in the price trend for the representative institutional issues.

Then suddenly came a wave of apprehension about the much heralded "panic proof" character of bank earnings. Were not interest rates generally lower? Were not the large banks losing deposits as their corporations customers came to grips with various stages of industrial depression? Were not the banks and their security subsidiaries heavily committed in the sagging security markets? Those who had bought bank stocks for a quick profit, seemed to sense these dangers all at the same time and the market again experienced enough liquidation by weak holders to generally unsettle the whole price structure.

Sustained Earnings

When the earnings for the large metropolitan banks became known for the first half of the year, however, it was found that the fears had exceeded the facts. Considering the low rates of interest which had prevailed during the period and the other unfavorable factors enumerated above, bank earnings had held up well during the first six months of the current year. Compared with the full year 1929, the earnings for the first half of 1930 were proportionately lower, but the relation between prices and earnings which prevailed at the close of 1929 was not materially changed from the ratio which existed at the end of the recent six months' period. And the first half of the year is never quite as favorable as the second half from the standpoint of bank earnings reports. The relation between prices of the stocks and their book values was even somewhat more favorable at the end of the mid-point of 1930 than at the end of the year 1929.

In the meantime a good deal of liquidation had taken place and the average price level for representative bank stocks suffered accordingly. Although earnings had fallen off since the 1929 reports were made known, so had bank stock prices—June lows being a good deal under the year-end quotations. The depressing effect of this "outside" buying and selling on bank stock prices was the flaw that had developed in the old-time logic of buying "for keeps." The democratized market, based on wider public interest, was certainly not the "one way market" so far this year that it used to be in former days.

But the fundamental nature of a good bank stock investment has not changed in this regard, notwithstanding the changes in marketing conditions. Therefore, the bank stock investor must take measures to protect his commitments today which were not necessary in the years before this group of securities reached their heights of popularity. He may be reasonably assured of growth in values because of the mathematical certainty of reinvested earnings, expanding book values and bank income—providing always that he limits his selection to the large metropolitan institutions with a record of capable management and trustworthy stewardship.

But the extent to which this normal growth in real values may be reflected in market price for shares of bank stock on either an individual or a group basis is again another matter. When over-discounted by mounting market prices, the bank stock investor is confronted by speculative risks similar to that experienced in other security groups. One

means of protecting his investment in this case is to relinquish a bank stock investment that has unduly discounted its prospects, but in practical effect this places the investor in the position of the speculator who is attempting to size up future price trends.

Prices and Values

Perhaps the more satisfactory defensive measure is to strictly satisfy investment requirements in the first place, by restricting investments to price levels that come within the bounds of real values. Investors who bought their bank stocks on the right price basis prior to 1929 could well afford to hold their commitments intact through the price declines late in that year and in the succeeding months. No matter how far back they bought their bank stocks, they probably paid more than their shares were worth on any statistical valuation basis. Just as the new bank stock investor now pays a premium over statistical values. In the normal course of events, the new buyer should be well rewarded, however, for his patience, just as the old buyer has been and will be rewarded for permanent retention of a growing investment.

Present Opportunities

It is in the belief that the present market offers attractive opportunities for long term investment in bank stocks that this discussion is presented here. In the accompanying table, pertinent statistical data is given for 20 representative metropolitan bank stock issues. Summarizing these statistics, it is seen that the recent stock prices range from one to three times book values, compared with a range of from five to ten times book values that was represented by the peak prices attained last fall. Average yields are over 3 per cent, compared with 1 or 2 per cent at the previous high levels. Current prices are from 15 to 40 times earnings compared with from 25 to 60 times earnings last year. In the meantime, the percentage of earnings in relation to deposits and in relation to capital funds is comparable with 1929 ratios. One may buy bank stocks on a basis of established values today, with utter disregard for the net increase or decrease in speculative enthusiasm that might be generated next month, next year or the year thereafter.

Through the early part of the current year, the lowered earnings of banking institutions was a matter of conjecture and gossip. By this time, however, we have some authoritative facts upon which to make our calculations. According to the Federal Reserve Bank of New York, the average rate on loans to bank's customers in New York City was 4.59 per cent at the mid-point of this year, compared with an average rate of 6.08 per cent on similar loans around November, 1929. The drop in the rate of bank loans in this territory is one of the most precipitous declines in the history of these banks. Yet it is quite a satisfactory rate of earnings from bank resources at a time when the New York money markets are glutted with funds and most of the world's credit centers are similarly situated. Quite obviously the loan rates are not as low as appear on the surface, for the 4.6 per cent average return compares with such recent quotations as 1/4 to 1/2 of one per cent, at which rate Federal Funds have been available, the 1 7/8 per cent buying rate of the Reserve Bank on open market bill operations and the fairly well stabilized call money rate of 2 per cent.

During the so-called "easy money" period in 1927, rates of customers' loans in the same district got down to a low ebb of 4.35 per cent. With the credit supply equally abundant and the demand for bank loans no greater than in 1927, it is quite possible that the 1/4 per cent advantage now enjoyed over that year, may be lost. In fact the chief reason this advantage now prevails is due to adroit handling of banking resources and capable financial management of the larger and strong banking institutions that exist at present. At any rate, bank loan rates have about reached their low level and with earnings of the banks comparatively well sustained. Furthermore, it was not long before the close of the half year that these metropolitan banks adopted a uniformly lower scale of interest payments on deposits. The real benefits from this change will not be reflected until the reports for the second half of the year are published.

In line with the lower earning rate from capital funds, the large banks have been able to effect considerable economies. Some of these economies were made possible by mergers. The absorption of the entire personnel of one bank by another presents a number of delicate and difficult problems in bank management. Immediate reduction in expenses is seldom practical, after any consolidation and most especially in the case of a bank merger. At the moment there is a lull in bank mergers which is permitting the

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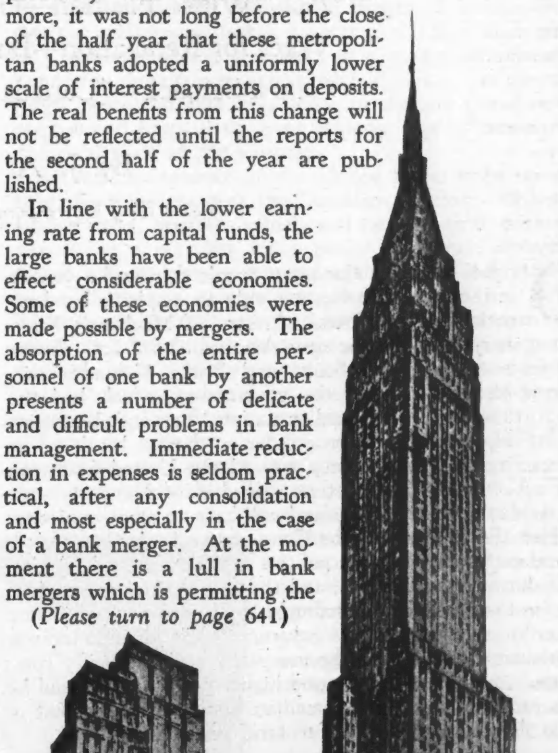


From an Anton Schutz etching. *Courtesy, The Manhattan Co.*

Bank of Manhattan Building, with Sub Treasury, lower left, and Chase National Bank, upper left

"Take That!" Says Miss Canada

Policy of Stiff Reprisal for New American Tariff Act Wins Election—U. S.' Best Customer Votes for Retaliation—But British Empire Protection Gets a Setback—"Canada First" the Winning Slogan

By J. A. Stevenson

Ottawa Staff Correspondent of the London Times

On July 28th the Canadian people delivered a verdict at the polls that was not only an emphatic condemnation of the Liberal Ministry of Mackenzie King, but a sharp retort to the new American tariff act. Every province except Nova Scotia and British Columbia registered displeasure with the government, which had the misfortune to offend Canadian national economic sentiment by its imperial trade union policies on the one hand and its former commercial leniency toward the United States on the other. The Conservatives gained more than forty seats in the House of Commons and will have an ample majority.

Hon. R. B. Bennett, the Conservative leader has a clear mandate to carry out the policies to which he pledged himself during the campaign, and the fact that every province in the Dominion has contributed to his majority will insure a certain solidarity for his government. By his utterances in Parliament and during the campaign he is explicitly committed to a policy of all-round higher protectionism, and he has promised to call an immediate session of Parliament to pass the necessary measure to tariff revision.

Two Schools of Thought

Undoubtedly, the passage of the Smoot-Hawley tariff bill has played a large part in the amazing revival of the fortunes of Canadian Conservatism. Ever since Canada acquired a coherent national mind there have been two schools of thought in the Dominion in regard to the United States. One school, represented by the Liberal party, has held that the American people were excellent neighbors, that the ties created by a common culture, language, and traditions should be maintained and strengthened, and that the greatest possible amount of commercial intercourse between the two countries must be mutually profitable for both. The other school, which in politics has been represented by the Conservative party, has taken the view that the Americans are not particularly good neighbors, that they have time and again shown a contemptuous indifference to Canadian interests, that in many lines of trade they are Canada's strongest competitors, and that if the Dominion is to escape economic subordination to her mighty neighbor she must pursue a tariff policy which would make her economically self-sufficient as far as it is possible for a country with her climatic conditions. Between these two schools of thought there has been a body of neutral opinion which has usually inclined to one side or other, according as the fiscal policy adopted by the United States has supported the Liberal or Conservative thesis.

Now as soon as it became plain that the Republican Party intended to pass a measure of tariff revision which would inflict penalizing duties upon a substantial volume of Canada's exports to the United States, there at once arose in Canada a feeling of widespread resentment, and ancient prejudices against the United States, which are an emotional legacy handed down from the United Empire loyalists (the "Tories" of American history), were revived. The Conservatives saw their opportunity and proceeded to embark upon a protectionist campaign, arguing that a body-blow was threatened at the economic life of Canada, and that they must be put in power at once with a mandate for a fiscal policy which would adequately safeguard the national interests. They carried on this crusade all through the summer and winter of 1929 and evidence accumulated that it was being sympathetically received by the Canadian public. The King Government in any case was sailing in troubled waters as the result of the business depression which developed in the Fall of 1929. In order to salvage its fortunes it had to find some new policy which would make a strong appeal to the voters, and after it had waited until the passage of the Smoot-Hawley Bill was assured, it cast the die for a measure of tariff revision whose fundamental object would be the diversion of trade from the United States to Great Britain. It was embodied in the budget introduced by Mr. Dunning, the Finance Minister, on May 5th, and the controversy which developed over it led to a dissolution of Parliament and the general election which has just taken place.

Liberals Turn Against United States

Undoubtedly, the tariff revision of the budget was the most comprehensive that Canada had witnessed since the late Mr. Fielding introduced the principle of the British Preference in the Budget of 1897, and the Liberals claimed that the changes were completely in line with their traditional policy. It sought to achieve the dual object of inflicting a judicious chastisement upon the United States for what is regarded in Canada as its fiscal selfishness, without penalizing unduly the Canadian consumer, and at the same time to give a stimulus to inter-Imperial trade.

In his budget speech Mr. Dunning was pressed to hazard an estimate of the amount of trade which the tariff changes would divert from the U. S. to Britain, but he would go no further than declare that they covered a range of imports estimated at 200 million dollars per annum.

Particular attention was paid to the iron and steel schedules which were completely revamped and reclassified, and a carefully planned effort was made to divert business in iron and steel products now enjoyed by American firms

to their Canadian and British competitors, the basic idea being to reserve the market in the lighter lines for Canadian plants and give the advantage to British firms in the heavier types of iron and steel goods. But in addition to this, the changes were very widespread and covered almost half of the 1188 items in the Canadian tariff.

To the preferential changes which widened the spread between the tariff rates on British and American goods, a novel fiscal experiment was also essayed in the shape of countervailing duties on a list of sixteen commodities under which the Canadian Government was authorized to raise the Canadian duties on a list of commodities exactly to the level of the parallel duties imposed upon these same commodities by the United States in other countries. A bounty was given to Canadian bituminous coal used for smelting purposes and announcement was made that trade arrangements with New Zealand which had encouraged a heavy inflow of cheap New Zealand butter and antagonized the Canadian dairymen would be terminated. The countervailing duties were a deliberate tit-for-tat reply to American tariffs that hit at convenient local trade such as in cattle, meats and dairy products, as well as items of wider importance.

The Conservative party derided the Dunning Budget as wholly inadequate to meet the present economic needs of Canada. They argued that the tariff changes would be comparatively ineffective in checking the flood of American imports valued at over 900 million dollars per annum, which was forcing many Canadian industrial plants to work far below their capacity and producing a balance of trade between the two countries very adverse to Canada. They argued that the United States had every right to frame its own tariff to suit its national interests and declared that its wisdom in adopting a standard of protection which adequately safeguarded its industries was worthy of imitation by Canada. In regard to the countervailing duties they held that the principle was unsound, as it left a part of the Canadian tariff to be fixed by the action of other countries. They also criticized the increases of the British preference on the ground that they exposed many Canadian industries to unfair competition and at the same time were injudicious and premature concessions which impaired any prospect of securing a reciprocal preference on Canadian foodstuffs from Britain.

Courtesy Canadian National Railways

Canadian Parliament Building, Ottawa

Conservatives for High Protection

The Conservatives from the very opening of the campaign fastened upon the serious unemployment which prevailed in almost every part of Canada and laid the chief responsibility for it at the doors of the low tariff policy of the King Government which had steadily reduced duties during a period when every other country in the world was raising them. They pointed to the example of the Scullin Ministry in Australia which has just raised its country's tariff to almost extravagant heights and argued that with the United States committed to the policy of the Smoot-Hawley Bill, and more anxious than ever before to find foreign markets for its surplus products, nothing short of a policy of rigid protection would meet the needs of Canada.

They preached assiduously a "Canada First" policy but at the same time resolutely denied that they were indifferent to the stimulation of inter-Imperial trade; they, however, claimed that it could be best achieved not by the Liberal plan of jug-handled preference whereby Canada made concessions to Britain but got nothing in return, but by a well considered and careful bargained scheme of reciprocal preferences; and in support of this they made great play with the recent manifesto of a group of influential London bankers which favored such a policy. As the campaign proceeded this divergence of opinion about trade policies and particularly their Imperial aspects became the dominant issue of the election.

Let business interests in the United States make no mistake about the result of the Canadian election. The new Conservative Ministry which will be in power within a month has a mandate for a policy of higher protection which will be mainly directed against the United States and will proceed to give immediate effect to it. If the Hoover administration and American business men had reason to be disturbed about the measures for the curtailment of American exports to Canada taken by the Liberal government they should be agitated by what they may expect from the Bennett government.

There is, however, just one saving factor which may operate to curb protectionist excesses. Nearly thirty of the supporters of Mr. Bennett hail from the three prairie provinces where low tariff sentiment is very strong and there is a great dread of higher duties lest they increase the cost of agricultural production and impair Canada's chances of competing sucessfully in the international market for foodstuffs. These western Conservative members know well that, if they allow Canadian duties to be raised to inordinate heights their political careers will be brief and they will do their best to apply the brake upon their eastern colleagues. Mr. Bennett has also secured a mandate to go to the Imperial Conference and demand in return for tariff favors granted by Canada a preference for Canadian foodstuffs in Britain, and taking all circumstances into consideration this conference promises to be a very important and fateful gathering.

The Result and British Policy

More and more the British people struggling in a morass of economic difficulties have been coming to the view that their best hope of salvation lies in developing their trade with the self-governing dominions and colonies comprised in the British Commonwealth. The Conservative party led now by Stanley Baldwin, has been the traditional protagonist of schemes for the encouragement of inter-Imperial trade, and, although it has experienced in the past some sharp rebuffs from the British

(Please turn to page 629)

Mid-Year Dividend Prospects of Leading Stocks

Part I—Railroads, Public Utilities, Equipment

THE Mid-Year Dividend Forecast assumes outstanding importance as a service feature to investors, at the mid-point of 1930, because dividends themselves have become a more vital factor in a successful investment program. In its present phase, the stock market looks to investment buying to help support the existing price structure. Investment buying in turn is greatly influenced by dividend income. So the market can no longer afford to overlook dividends and indeed, during the first half of the year, the price trend of individual issues has been shown to be highly sensitive to changes in established dividend rates.

All this presents a striking contrast to the comparatively neglected factor of dividend outpayments during the boom stages of the stock market in 1928 and 1929. With a rising price trend, investors were more concerned with appreciation in the market value of their holdings than with the per cent of return available from cash dividends. Steadily rising stock quotations finally brought the stock market to a level where the dividend income was too inconsequential to be the determining factor in the selection of desirable investments. Today, this "side line" element in stock market participation has become a factor of front rank importance.

The dividend forecast indicated by the comment on each issue included in the statistical tables is supplemented by an individual market rating. Although a closer relation may be said to exist between earnings, dividend payments and market values at present, still the investor cannot afford to take for granted that a high yield alone is a mark of investment desirability. Under such circumstances, the safety of the dividend, the likelihood of continuous payments or the probabilities of change in the rate become factors of more than casual interest. On the other hand, the market values and future price probabilities must be carefully weighed by the investor who is considering the field of higher income producing shares for his current investment opportunities. Consequently, the double service performed by this Mid-Year Dividend feature, namely, the dividend forecast and the market outlook expressed in the accompanying rating, has a more practical application to stock market success than during previous boom stages of the market.

In presenting this feature, it seems desirable to emphasize that every dividend forecast, at best can summarize only the probabilities of future action to be taken by the respective company managements either to sustain or alter the existing dividend rates. The current rate of earnings, established earning power in previous periods, financial strength, the policies of directorate groups as indicated by past records and other factors are considered here in formulating the comment relative to future dividend probabilities.

The market rating is a definite appraisal of the market position and prospects of each issue, based on the outlook for the industry, the statistical position of the company, the intrinsic investment merits of the issue and the relation of these and other factors to the current market price. The ratings are intended, primarily as an investment guide but they also take current speculative factors into consideration that are likely to influence the future price trend of the individual issue. The reader should interpret these ratings as follows:

A-1: Should eventually be worth more on intrinsic values.

A-2: Sound investment with limited attraction on current price basis.

B-1: Issue has inherent merit but occupies speculative position at present.

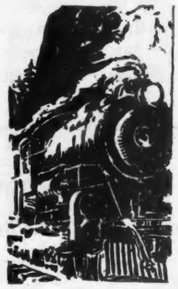
B-2: Stock occupies uncertain speculative position.

Wherever the figures have been available, earnings for the first six months are reported; in other cases they have been estimated; and, in the case of rail stocks, earnings for the full year are indicated by reported results of the first six months' operations with suitable weighting. With railroad revenues severely curtailed during the first half of the current year because of the recession in general business activity, earnings for the year must be considered as estimates, subject to more than normal variation from the actual figures which ultimately will be reported by the respective carriers.

Railroad Outlook Has Many Favorable Aspects

Majority of Dividends Amply Protected

RAILROADS are the life blood of industry, without which the unsurpassed efficiency of American business today would have been impossible to achieve. Rendering an indispensable public service, commanding the highest type of executive talent, and with their era of growing pains and frenzied financing relegated to the historical past, one would seem justified in seeking among the securities of the country's leading railroads, the highest type of investment issues. Indeed, the railroad group affords an abundance of opportunities for the investor requiring the maximum degree of safety or desirous of obtaining a liberal return on his funds. For the more venturesome, there are numerous issues with promising speculative features. Despite the fundamental inducements of railroad securities, however, they have, during the past five or six years, been accorded but a relatively small part of the public favor which has been so generously bestowed upon industrial and public utility securities. The market for railroad shares has consistently shown a lower ratio to earnings than has been the case of the two latter groups. There are a number of reasons for this condition, some actual, others largely psychological.



Chief among the influences which have caused railroad securities to lose caste among investors, is the widely accepted belief that the future expansion of earnings, with but few exceptions, will be a slow process. It is reasoned that additional trackage in the densely populated and compact industrial areas is not justified, passenger and short haul traffic is being lost to buses and motor trucks, coal, which represents the most important freight item to a number of roads, is being gradually supplanted by oil, and the Panama Canal will deprive carriers of an increasingly larger volume of transcontinental traffic. While all of these reasons have some semblance of truth to justify them, it is a mistake to accept them unqualifiedly. They were no less true five years ago and in the interim, railroad earnings have attained record-breaking totals. So long as the future industrial growth of America is as assured as it is at present there is no adequate basis for viewing the future of our railroads with apprehension. Operating efficiency, consolidations, and the normal growth of population and expansion of business may be relied upon to take up the slack.

The deliberations and rulings of the Interstate Commerce Commission, until recently have done little to stimulate public confidence in railroad securities. Mergers were obstructed, valuations disputed, and financial arrangements were dictated by this powerful body. Since the ruling in favor of the railroads made by the Supreme Court a little over a year ago, in connection with O'Fallon case, there have been, however, a number of favorable decisions rendered by the I. C. C. The constructive force of these decisions, although somewhat obscured temporarily by unsatisfactory market conditions, should be felt strongly in due time. The I. C. C. has sanctioned the proposed 200-mile extension of the Great Northern-Western Pacific, creating an important new traffic route; the Missouri Pacific has been accorded permission to acquire its various subsidiaries by lease; approval was given to a four-for-one split-up in Chesapeake & Ohio stock; and the new rates for classified freight in the Eastern and Western trunk line territories, recently announced, will add substantially to the revenues of a number of roads. Several important mergers are hanging in the balance but the feeling is growing that the next twelve months will witness greater acceleration in the movement toward consolidation.

Railroads have been hit hard by the business depression and earnings have undergone sharp contraction. The drop in carloadings has been most pronounced in the East and South, but with the heavy movement of petroleum products rendering timely aid, the Southwestern region has suffered the least. In justice, however, it is to be pointed out that current results are over-accentuated by contrast with the

Position of Railroad Common Stocks

Railroad	Earned Per Share 1929	Earned Per Share 1930*	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENTS
Atchison, Topeka & Santa Fe........	$22.69	$18.00	242½	194	216⅞	$10.00	4.70	A-1	Earnings afford wide margin of protection for dividends. Excellent investment.
Atlantic Coast Line	14.47	9 00	175½	145	146	10.00(†)	6.90	B-1	Extended dcelino in earnings endangers $3 extra dividend.
Baltimore & Ohio	10.31	8.50	122⅝	98¼	105	7.00	6.70	A-1	Earnings lower, but year's outlook insures safety of $7 dividend.
Bangor & Aroostook	8.46	10.00	84½	63	73	3.50	4.80	A-1	Current trend of earnings suggests possibility of larger or extra dividend.
Boston & Maine....................	6.90	5.00	112	79	80	4.00	5.00	A-2	No change in present dividend indicated. Important merger road.
Canadian Pacific	11.15	9.00	226¾	184⅜	186	10.00	5.40	B-1	Recent trend of earnings insufficient to cover $10 dividend.
Central R. R. of N. J...............	18.33	16.50	315	230½	241	12.00(†)	5.00	A-1	Present rate of $8 and $4 extra in force since 1923. No change indicated.

(Please turn to next page)

same period of last year, when revenues and earnings were reaching new heights. Despite a drastic shrinkage in revenues, the railroads, nevertheless, have continued to spend large sums for maintenance and improvements. As a consequence, it will be possible to effect a substantial reduction in these expenditures during the last half of the year and operating costs should be lowet in proportion to the volume of traffic. The last half of 1929 brought the beginning of the decline and results for that portion of the current year, of course, will not reveal such drastic contrasts as was the case in the first six months.

There is little prospect of an abrupt and marked reversal in the present trend of railroad traffic and earnings, but as business revives gradual improvement should follow with a definite recovery well in evidence by the end of the year. While, the comparatively poor earnings of many roads has engendered no little apprehension concerning the safety of dividends, there are probably no more than six which will fail to earn dividends this year. Even of this comparatively small number, there is no implication of urgent necessity for the omission or reduction of payments in every case, should prospects for improved earnings warrant their continuation.

It is generally agreed that business has all but completed the present period of depression and this generalization is probably equally applicable to railroad revenues. Carrying this thought further, the prospect of growing activity, with the advent of Fall, and increasing momentum in the early months of 1931, seems sufficiently assured to emphasize the attractiveness of standard railroad securities at levels which appear to have given adequate recognition to the immediate situation.

Position of Railroad Common Stocks

(Continued from preceding page)

Railroad	Earned Per Share 1929	Earned Per Share 1930*	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENTS
Chesapeake Corp.	$2.61	....	82½	51⅛	63½	$3.00	4.70	A-1	Able to maintain $3 rate without difficulty.
Chesapeake & Ohio	21.60	$19.00	241¾	171	• 185	10.00	5.50	A-1	Likely to continue present dividend basis on new 4-for-1 shares.
Chicago & E. Illinois	2.17-PR	....	52½	33	35	none	...	B-2	Dividends are a remote possibility.
Chic., Milwaukee, St. Paul & Pacific	5.93-PR	2.00	46¼	20⅛	22⅝	none	...	B-2	No immediate prospect of dividends on common or preferred.
Chicago & Northwestern	8.43	6.80	89⅞	66	73⅛	5.00	6.90	A-1	Present dividend secure. Attractive for yield.
Chicago, Rock Island & Pacific	14.04	10.00	125⅛	95	102⅛	7.00	6.80	B-1	Continuation of present rate dependent on more favorable developments in territory served in months to come.
Delaware & Hudson	15.14	14.00	181	146	159	9.00	5.60	A-1	Present $9 rate secure but no increase in near future.
Delaware, Lackawanna & Western	7.90	6.00	153	110¼	113¾	7.00(†)	6.10	A-2	Current earnings not likely to cover regular and extra payments.
Erie	6.03	3.00	63¾	35¼	41¼	none	...	B-1	Sharp drop in earnings postpones favorable action on common dividend.
Great Northern	10.31	7.00	102	71⅜	82½	5.00	6.10	A-1	Recent favorable developments strengthens position of dividend.
Illinois Central	9.13	6.50	136¾	113¼	118	7.00	5.80	B-1	Earnings likely to fall short of div. requirements.
Kansas City Southern	8.47	6.00	85⅝	58⅜	63⅛	5.00	7.90	A-1	Narrow margin of earnings but outlook forecasts dividend safety.
Lehigh Valley	6.08	5.00	84⅞	57⅝	66	4.50(†)	6.80	A-1	Attractive minority issue. Should cover dividend by sufficient margin.
Louisville & Nashville	11.73	9.00	138⅛	120	120	7.00	5.80	B-1	Further declines in traffic may ncessitate reduction in dividend.
Missouri, Kansas & Texas	5.10	2.25	66⅝	32⅝	39⅛	2.00	5.10	A-1	Strong cash position would warrant a regular $4 rate.
Missouri, Pacific	10.42	7.75	98⅛	57	65	none	...	A-1	Dividend on common must await action on preferred arrears.
New York Central	16.88	12.00	192⅜	150⅜	161½	8.00	5.00	A-1	Freight traffic has slumped sharply but dividend unquestionably safe.
New York, Chicago & St. Louis	15.51	7.40	144	94	106	6.00	5.70	A-2	Dividend regarded as reasonably secure but earnings margin is narrow.
New York, New Haven & Hartford	11.72	10.00	128⅛	97¼	105⅝	6.00	5.70	A-1	Increased efficiency is offsetting lower revenues. Dividend in no danger.
Norfolk & Western	29.06	27.50	265	213¼	225¼	10.00	4.40	A-1	Regular $10 rate being earned by wide margin. Extras probable.
Northern Pacific	8.79	5.50	97	63⅜	73	5.00	6.90	A-2	Dividend likely to be maintained but margin of safety is slight.
Pennsylvania	8.82	6.50	86⅝	69⅝	75⅜	4.00	5.30	A-1	Earnings afford ample protection for dividends. Sound investment.
Pere Marquette	13.94	8.25	164⅛	130	131	8.00(†)	6.20	A-1	Large expenditures obscure real earning power. Dividend secure.
Pittsburgh & West Virginia	6.89	4.75	121¾	90	94⅛	6.00	6.40	B-1	Important merger road but earnings behind dividend requirement.
Reading	9.08	7.80	141½	100	107	4.00	3.70	A-1	Earning divs. by a margin of safety of nearly 50%.
St. Louis-San Francisco	11.28	9.00	118⅞	85⅛	89	8.00	9.00	B-1	Slight margin for dividends places shares in speculative category.
St. Louis-Southwestern	0 84	....	76⅜	52⅝	70⅞	none	...	A-1	Heavy improvement program precludes near term action on dividend.
Southern Pacific	12.74	9.50	127	108	118⅛	6.00	5.00	A-1	Sound investment affording attractive yield.
Southern Railway	11.65	7.50	136⅜	89⅛	88	8.00	9.10	B-3	Dividends will probably be reduced. Shares unattractive.
Texas & Pacific	12.76	10.25	145	110	122	5.00	4.20	A-1	Dividend could be increased but such action does not appear imminent.
Union Pacific	20.36	18.00	242⅜	200	215⅛	10.00	4.70	A-1	High grade issue affording ample dividend security.
Wabash	5.67	3.50	67⅜	30	33⅛	none	...	B-1	Road holds strategic position from merger standpoint. Common dividends not imminent.
Western Maryland	2.65	2.50	36	18⅜	23⅜	none	...	B-1	Shares have speculative merit but little likelihood of dividends.
Western Pacific	1.48-PR	....	53⅛	33⅜	39¼	none	...	A-1	Earnings being invested in property. No prospect of dividends.

(†) Including extras. PR—Preferred stock. * Estimated for the full year.

Utilities Meet Test and Carry Through

Depression-Proof Character Revealed

THE public utility industry, and more especially the electric and gas branches of this important phase of economic endeavor, have acquired such an enviable reputation within the past decade with respect to steadiness of growth and general inherent stability that the current year is being watched with great interest to see the effects of a period of business recession more severe than the country has experienced anytime since 1921.

In a year such as the current one, it is perhaps best in determining the status of an industry to do this from the relative point of view, that is to say, by comparing the particular industry with the concurrent status of other individual industries and with all industry in general. If this is done, then it is evident that the electric and the gas branches of the public utility industry occupy a very strong position in the scheme of enterprise in this country, because, while practically all other industries have receded, in a great many cases sharply, these services up until recently have actually been showing gains over the corresponding period of last year.

To be sure, against a background of an annual increase of approximately 11% since 1921 in electric current output, the gain so far this year has not come up to standard, but considering the general condition of business it has been surprising to many observers that there should be any gain at all. In fact, only since May has electric output been running below the corresponding period last year, due to a heavy decrease in the sale of power to factories and electric railways, but the effect of this is largely offset when it is realized that sales last year were showing an abnormally high increase over 1928, in amount ranging from 15 to 17%. Generally there is a distinct sag from April to August in electric output, so that last year's deviation from the normal merely reflected the overstimulated prosperity and industrial activity at that time. Ignoring this abnormal bulge, then it is apparent that this year's production, although currently below that of last year for the same period, nevertheless represents approximately a normal increase for the two-year period of 1928 to 1930.

Actually, July production of electricity was only about 1.8% below last year but if the normal increase had occurred this year, the present electric production index would be about 7 or 8% below normal. It is interesting to note that this decrease is not much worse than in the depression of 1924, when on a comparable basis it fell to 5.4% below normal, and is not as bad as in the depression of 1921 when it went down to slightly more than 10% below normal. Slackening in industrial operations accounts largely for the reduced demand for electric power, and the area chiefly affected lies in the northeastern part of the country, particularly in that group of states where the automobile industry is largely concentrated.

The most recent figures available on the gas industry cover the first five months of the year, but this branch

Position of Public Utility Common Stocks

	Earned Per Share 1929	Earned Per Share 1930	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Rating Market	COMMENT
American Gas & Electric	$6.11	....	157	104	137	$1.00 +4% stk.	4.73	A-1	Under conservative but aggressive management company continues progress. Could pay more cash but not likely.
American Tel. & Tel.	12.57	$12.13(1)	274¼	200⅛	211	9.00	4.28	A-1	Income of system slightly lower during first half, but with recovery in general business, earnings will no doubt continue upward.
Amer. & Foreign Power	4.01	....	101⅛	56¼	72	none	....	A-1	Could start dividend payments, but may defer same for further expansion of properties.
American Power & Light	4.58	4.53(3)	119⅝	72¾	87	1.00 +4% stk.	5.15	A-1	Present dividend rate of part cash part stock will probably be continued.
Amer. Water Works & El.	4.00	3.84(4)	124⅛	78⅛	92	1.00 +5% stk.	6.09	A-1	No change in present dividend policy looked for.
Assoc. Gas & Elec. "A"	2.66(x)	....	46½	30⅛	33	2.40 or 10% stk.	7.28	A-1	System has expanded rapidly, and operating economies should be reflected in higher net earnings. No dividend change likely.
Brooklyn-Manhattan Transit	6.52(5)	7.69(5)	78⅝	58⅝	65	4.00	6.15	B-1	Larger earnings warrant increase in rate, but political situation complicates procedure.
Brooklyn Union Gas	7.66	....	178¼	115	129	5.00	3.88	A-1	Dividend earned by comfortable margin, but no change in rate expected.
Columbia Gas & Electric	2.49	2.13(3)	87	58⅛	63	2.00	3.17	A-1	Company engaged in extensive expansion program, and no change in dividend seems likely at present.
Commonwealth & Southern	0.75	0.69(1)	20¼	12⅝	14	0.60	4.28	A-1	Is proceeding with program of capital simplification, which should aid common.
Con. Gas, El. Lt. & P. of Balt.	6.26	6.22(4)	136⅝	90¼	116	3.60	3.10	A-1	Company in strong position, and conservative policy will be continued.
Consolidated Gas of N. Y.	4.75	....	136⅝	96⅝	109	4.00	3.67	A-1	Present rate will probably be continued this year.
Detroit Edison	11.14	10.02(1)	255⅝	195⅜	220	8.00	3.64	A-1	Due to depression in automobile industry, earnings are considerably lower, but dividend still earned by comfortable margin.

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seems less affected than the electric branch of the industry. Sales of manufactured gas, for instance, actually increased 2.2% in this period over the corresponding period of 1929, while natural gas, which is used largely for industrial operations showed a decrease of 3.9%. Large projects have been announced and undertaken in various parts of the country to bring natural gas from the field over long distances under high pressure to densely populated sections where an excellent market for the product exists.

Regulation of public utility companies, both operating and holding companies, is still in the forefront. The attempt by the Public Service Commission to force lower electric rates in New York City may spread to other sections of the country, but experience has shown that lower rates eventually mean much bigger volume.

Mergers and consolidations have characterized the industry in recent years and while large systems have been formed, the movement has in all probability not yet been completed. Despite the indefinite trend in the stock market, several large mergers or affiliations have been put through this year. The United Corp. seems definitely to become the dominant factor in the East, while on the West Coast, the Pacific Gas & Electric Co. has acquired North American's extensive properties there.

One thing seems fairly certain about the future of the industry and that is when conditions again become normal and business in the country regains its normal stride, not only will the utility companies lead in the recovery but will continue the steady upward trend which it has shown for many years. During the period of readjustment through which the country has been passing, these companies have performed admirably, earnings have more than been maintained and dividend payments are well protected by margin of earnings.

Position of Public Utility Common Stocks

(Continued from preceding page)

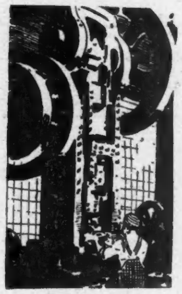
	Earned Per Share 1929	Earned Per Share 1930	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENT
Electric Bond & Share	$1.97	$2.14(3)	117%	70¼	81	6% stk	6.00	A-1	May offer stockholders valuable rights to subscribe to additional stock.
Electric Power & Light	2.98	2.88(3)	103½	49¼	70	$1.00	1.43	A-1	Expansion into natural gas field promises handsome future returns.
Engineers Public Service	2.59(y)	2.80(5) (y)	66	39¼	53	2.40	4.52	A-1	Stock now on a straight cash dividend basis.
Federal Light & Traction	2.88	....	90¼	59%	68	1.50 +4% stk.	6.21	A-2	Control of company held by Cities Service. Dividend policy may be altered.
Federal Water Service "A"	3.29(z)	3.01(4) (z)	43	30	35	2.40 or 8% stk.	6.86	A-1	No change in present method of payments expected.
General Gas & El. "A"	0.47	....	18%	8	10	0.30 or 6% stk.	3.00	A-1	Saluda hydro-electric project will be ready soon. New financing will provide for further expansion.
Hudson & Manhattan	4.96	5.03(1)	53%	41	47	3.50	7.44	B-1	Operating economies benefitting net earnings. Could increase payments.
Interborough Rapid Transit	3.59	....	39½	20%	26	none	...	B-1	Political complications prevent consideration of dividends for a long time.
International Hydro Elec. "A"	2.11(z)	2.29(3) (z)	54	31⅛	37	2.00 or 8% stk.	5.41	A-1	No change in present style of dividend payment looked for.
International Tel. & Tel	3.03	....	77%	40⅛	46	2.00	4.34	B-1	World-wide depression is affecting earnings, but present rate will probably be maintained for a while.
Louisville Gas & El. "A"	2.39	...	51¼	33	38	1.75	4.60	A-1	Earnings expanding steadily, but no change in dividend looked for at present.
Middle West Utilities	1.88(y)	....	38	25%	30	8% stk.	8.00	A-1	Large territorial expanse of system reflected in continuance of upward trend in output.
National Power & Lt	2.17	2.23(3)	58%	32	45	1.00	2.22	A-1	Occupies strategic position in Eastern territory, with possibilities for merger.
Niagara Hudson Power	0.61	0.62(4)	24½	15%	17	0.40	2.35	A-1	Company now the most important electric producer in New York State outside N. Y. City. Recently inaugurated rate will probably not be changed this year.
North American	4.82	4.87(1)	132%	87½	100	10% stk.	10.00	A-1	No change indicated in method of dividend payment of 10% stock annually.
Pacific Gas & Electric	3.52(y)	3.39(3) (y)	74%	52½	57	2.00	3.51	A-1	Is actively expanding properties, both gas and electricity. Present rate will be continued.
Pacific Lighting	4.54	4.33(1)	107%	72	80	3.00	3.75	A-1	Conservative policy with respect to dividends will be followed.
Peoples Gas, Light & Coke	11.97	11.29(1)	325	230	267	8.00	2.99	A-1	No change in dividend rate expected, but change in capitalization is a possibility.
Public Service of N. J	4.13	4.20(4)	123%	81½	92	3.40	3.70	A-1	Dividend increased late last year. No change in near future expected.
Southern California Edison	3.51	....	72	52%	57	2.00	3.51	A-1	Offered rights to stockholders this year. No change in rate probable.
Standard Gas & Electric	6.59	....	129⅛	84⅛	97	3.50	3.61	A-1	Earnings continue upward. Present dividend can easily be lifted.
Third Avenue	nil	nil	15½	6½	9	none	...	B-2	Recent operations indicate some improvement, but outlook still dubious.
Twin City Rapid Transit	4.75	4.56(1)	31½	10	13	scrip	...	B-1	Dividend currently being paid in scrip, evidencing uncertainties regarding political complications as well as bond redemption.
United Corporation	0.49	0.33 1st quar.	52	28%	33	0.50	1.52	A-1	Will pay 50 cents per share in October. Next year rate will be higher.
United Gas Improvement	1.55	....	49%	31¼	36	1.20	3.34	A-1	Output of both gas and electricity showing good gains over last year. Could increase dividend payment, but not likely in near future.
Utilities Power & Lt. "A"	3.02(3)	....	45%	30	33	2.00 or 10% stk.	6.07	A-1	Has formed European holding company to acquire properties on continent. No div. change in prospect.
Western Union	15.11	11.89(1)	219%	150%	168	8.00	4.76	A-1	Earnings sharply affected by decline in general business, but operating economies can be effected to offset this.

(1) Twelve months ended June 30th. (3) Twelve months ended March 31st. (4) Twelve months ended May 31st. (5) Fiscal year ended June 30th. (z) Maximum distributable on Class A shares. (y) On average amount of stock outstanding for the period.

Equipment Companies Reflect Business Depression

Turning Point Indicated for Final Quarter

THE industrial depression is having its adverse effects upon equipment manufacturers at the present time, and, with few exceptions, profits for the current year may fall short of the record levels established in 1929. Nevertheless, with business revival set for next Fall, earnings recovery should be in evidence during the final quarter of the year.



The electrical division undoubtedly will show the least change in earnings, and probably will be the first to effect an improvement. Constant expansion of public utilities assures a satisfactory demand for equipment from this source, while electric refrigeration and marine business promise to exceed last year's levels. On the other hand, however, reduced purchasing power of the public has resulted in a sharp falling off of business in the domestic electrical appliance department. Moreover, demand for equipment from railroads, which have seen fit to curtail electrification programs, has been disappointing.

A policy of retrenchment has been inaugurated by railroads generally, with the result that equipment manufacturers in this division are likely to face a rather dull final half. Most roads took advantage of 1929 record earnings to replace old equipment with new; but now find it necessary to effect strict economies in order that the best possible income reports might be made, under existing conditions. Moreover, there is a tendency for railroads to further economize by building their own equipment. These factors will naturally impede the progress of companies whose revenues depend largely upon the sale of railroad equipment, thereby making near term outlook of this group least attractive.

Obviously, the business recession in this country and abroad is reflected in sales of office and business equipment. Profits for the first six months, in this division, have declined sharply from those reported for the first half of last year, with little indications of any substantial recovery in earnings, until late Fall or early Winter. However, restoration of general business to normal by 1931 should augment sales over the longer term, although increasing competition from foreign producers tends to cloud future export prospects.

Profits of farm equipment industry during early months of current year continued record levels of last year, and despite the decline in sales during May and June, earnings for the first six months compared favorably with those for the initial half of 1929. Substantial inventories, limited

Position of Leading Equipment Common Stocks

Electrical

	Share Earnings 1929	Share Earnings 1930	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENT
Cutler-Hammer, Inc.	$9.77	$2.43 (6 mos.)	90½	55	60¼	$3.50	5.80	A-1	Sound medium grade issue affording an attractive yield.
Electric Storage Battery Co.	8.77(1)	3.00 (Est. 6 mos.)	79¼	61½	65⅞	5.00	7.60	B-1	Should earn dividend by slight margin.
General Electric Co.	8.97(2)	1.02 (6 mos.)	95⅜	60⅛	70⅝	1.60	2.25	A-1	Dividends adequately secured. Extras probable.
Westinghouse Elec. & Mfg. Co.	10.15	3.11 (6 mos.)	201½	124¼	146¼	5.00	3.40	A-1	Earnings provide ample margin of safety. Eventual split-up likely.

Railroad

	Share Earnings 1929	Share Earnings 1930	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENT
American Brake Shoe & Foundry Co.	$3.71	NF	54⅝	41⅜	44	$2.40	5.45	B-1	Could increase dividend, but action deferred pending improved conditions.
American Car & Foundry Co.	1.03†	$5.44†	82½	48	49½	6.00	12.00	B-1	Market discounts possible reduction to $4 or $4.50.
American Locomotive Co.	5.40	NF	105	43¼	43½	4.00	9.20	B-2	Present rate safe for balance of year, but earnings insufficient to cover preferred.
Baldwin Locomotive Works	1.07	1.31 (6 mos.)	38	19⅜	28¼	1.75	6.20	A-2	Earnings holding up well and provide a good margin for dividends.
General American Tank Car	7.56	2.17 (3 mos.)	111⅞	78¼	86¼	4.00(c)	4.70	A-1	Current earnings ahead of 1929. Higher rate would be justified.
General Railway Signal Co.	8.25	3.03 (6 mos.)	106⅞	75⅛	78½	5.00	6.40	A-1	Last half earnings may fall below first six months, but dividend reasonably secure.
New York Air Brake	4.72	2.00 (Est. 6 mos.)	47	37⅝	39½	3.60	9.20	B-1	Earnings lower, but dividend could be maintained for balance of year.

(Footnotes on next page)

(Please turn to next page)

farm credit and low wheat prices, however, will likely have adverse effects upon this group during the ensuing months. Moreover, uncertainties of the crop outlook, with probable further declines in exports tend to cloud near term prospects. Nevertheless, earnings reports, generally, for 1930 will compare favorably with those of 1929.

A fair cross section of industrial conditions may be had in the outlook for the machine equipment field. An irregularity exists in this division, reflecting wide variations in prospects for industries. Some companies expect very unsatisfactory results, while others anticipate record earnings. On the whole, however, reports indicate that the worst is past and better times are not in the too distant future. Regardless of what the near term outlook may be, the stronger situated companies will be able to report comparatively satisfactory earnings for the full 1930 year, and in instances where dividends are not secure, present market prices for their shares have already discounted this factor.

Position of Leading Equipment Common Stocks

Railroads — *(Continued)*

	Share Earnings 1929	Share Earnings 1930	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENT
Pullman, Inc.	$5.94	NF	89⅝	62	69	$4.00	5.80	A-2	No change in dividend indicated. Investment issue.
Union Tank Car Co.	2.92	NF	38½	25¼	27⅜	1.60	5.70	A-1	Earnings probably lend adequate support to present dividend.
Westinghouse Air Brake Co.	2.78	1.26 (6 mos.)	52	36⅝	38½	2.00	5.20	A-1	Leading unit in its field. Should cover dividends by satisfactory margin.

Business

	Share Earnings 1929	Share Earnings 1930	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENT
Burroughs Adding Machine Co.	$2.34	$0.80 (Est. 6 mos.)	51⅞	29¼	33	$1.00	3.00	A-1	Strong cash position removes any uncertainty regarding dividend.
International Business Machines	11.04	5.73 (6 mos.)	197⅛	152½	173	6.00(b)	3.40	A-1	Earnings holding up well and should continue to compare favorably with 1929.
National Cash Register Co. "A"	7.01	1.42 (6 mos.)	83⅛	42⅝	45⅛	3.00	6.90	B-1	Failed to cover dividend in first half, but $3 rate will probably be maintained.
Remington-Rand, Inc.	1.15§	3.51§	46⅛	23	27⅞	1.60	5.70	A-1	Company has turned corner and earnings likely to cover current dividend.
Underwood-Elliott-Fisher Co.	10.11	3.22 (6 mos.)	138	83	92⅞	5.00	5.40	A-1	Dividend being earned by adequate margin. Attractive yield.

Agricultural

	Share Earnings 1929	Share Earnings 1930	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENT
J. I. Case Company	$15.04	NF	362⅝	156½	188	$6.00	3.20	A-2	Earnings probably running behind 1929, but in excess of dividend.
Deere & Company	13.50‡	NF	162⅝	62	78	1.20(c)	1.50	A-1	Conservative dividend policy insures wide margin of safety for present rate.
International Harvester Co.	7.11	NF	115⅝	76	83⅝	2.50	3.00	A-1	Lower earnings forecast, but dividend unquestionably safe.
Minneapolis-Moline Pr. Imp. Co.	2.11	NF	28⅞	12⅛	14⅛	none	...	B-1	Uncertainties in general near term outlook will probably postpone dividend action.
Oliver Farm Equipment Co.	2.25	NF	34⅞	13⅞	18¼	none	....	B-1	Important company, but dividends not likely to be inaugurated this year.

Machinery, Etc.

	Share Earnings 1929	Share Earnings 1930	Price Range 1930 High	Price Range 1930 Low	Recent Price	Dividend	Yield %	Market Rating	COMMENT
Allis-Chalmers Mfg. Co.	$3.78	$1.87 (6 mos.)	68	48¼	56	$3.00	5.40	A-1	Dividend well bulwarked by earnings and strong financial position.
American Machine & Foundry Co.	12.10(4)	NF	284⅝	180	193	7.00	3.70	A-1	Current earnings likely to be substantial. New stock may pay $1.50.
Chicago Pneumatic Tool Co.	4.68	0.05 (3 mos.)	37	11¼	16⅜	none	...	B-2	Sharp decline in earnings precludes favorable dividend action.
Fairbanks, Morse & Co.	5.65	1.52 (6 mos.)	50⅛	34¼	38	3.00	7.90	B-1	Earnings this year will be lower, but dividend reasonably safe.
Foster-Wheeler Corp.	6.05	4.27 (6 mos.)	104½	60⅛	83½	2.00	2.40	B-1	Substantial gain in earnings suggests possibility of higher dividend.
Ingersoll-Rand Co.	10.54	NF	239	154¼	202	5.00*	2.50	A-1	Earnings may be lower, but probably sufficient to justify another $1 extra dividend.
National Supply Co.	11.46	3.38 (6 mos.)	124⅝	100⅞	106¼	5.00	4.70	A-1	Earnings have declined, but dividend earned by good margin.
Worthington Pump & Machinery Co.	11.96	4.31 (6 mos.)	169	67¼	126½	none	...	B-1	Gradual retirement of dividends in arrears on preferred presages early action on common disbursements.

* Including extra. † Year ended April 30. ‡ Year ended Oct. 31. § Year ended March 31. (a) Plus 4% in stock. (b) Plus 5% in stock. (c) Plus 1½% in stock. (1) Based on combined preferred and common shares outstanding. (2) Old stock, before split of 4 for 1. (3) Old stock, before split of 5 for 1. (4) Old stock, before 5 for 1 split. (Est.) Estimated. NF—Not available.

NATIONAL DAIRY PRODUCTS
Deb. 5¼s, 1948

Attractive Yield from Sound Industrial Debenture

Stability of Earnings and Steady Growth Factor Place Bonds in Strong Position

By RONALD P. HARTWELL

OBLIGATIONS of sound, well managed industrial companies of the type whose earnings are relatively unaffected by general business conditions constitute excellent investment mediums for those seeking a combination of safety and income. For some months past, money, or more precisely, interest rates have been low but paradoxically this has had little appreciable effect on the prices or yields obtainable on sound bond issues. Eventually of course, money will flow into this channel because much higher returns are obtainable than can be had through any other safe medium of loaning funds and at such time bond prices should experience an advance in price. The "shyness" of money will wear off as investors regain confidence in corporate obligations.

National Dairy Products Corp. Debenture 5¼s, due February 1st, 1948, currently selling on the New York Stock Exchange around 97 to yield approximately 5.50% is an attractive bond for the average investor in a type of enterprise with a large measure of inherent stability. As its name indicates, the company is engaged in the production and distribution of all varieties of dairy products. In fact, the company is the largest ice cream producer in the United States, is one of the two principal milk and cream distributors, and has become an increasingly important factor in butter, cheese, condensed milk and other dairy products.

Operates Over Wide Territory

The company was incorporated seven years ago, although individual units in the present organization have been established for many years prior to this time. The holding company originally acquired the Rieck-McJunkin Dairy Co. and the Hydrox Corp., giving it subsidiaries in Pittsburgh and Chicago. Subsequently, the Sheffield Farms Co., Inc., serving New York City and vicinity, and the Breyer Ice Cream Co., serving parts of Pennsylvania and Northern New Jersey were added. Up to 1928, the growth of National Dairy Products centered principally around these companies. In that year, the General Ice Cream Corp., serving New York State and New England, was added and many other companies engaged in similar business were also acquired. One of its largest subsidiaries is the Telling-Belle-Vernon Co., serving Ohio.

Probably the most auspicious step in National Dairy's expansion program was the recent acquisition of Kraft-Phenix Cheese Corp., the primary purpose of which was to enlarge National Dairy's available supplies of raw milk and to extend facilities for disposing of surplus milk at times when this is necessary. National Dairy uses large quantities of cream and whole milk in its ice cream and dairy business, whereas Kraft is able to use skimmed milk in making a number of brands of cheeses. It also provides an outlet for surplus milk during the winter when the ice cream business declines.

The acquisition of Kraft-Phenix brings National Dairy a number of other important business assets in addition to the well known brands of cheese. Kraft has the largest mayonnaise and salad dressing business in the United States, which is an important earnings factor. Kraft also has a good business in malted milk, which National Dairy has not made hitherto and

Statistical Position of National Dairy Products

From Consolidated Statement, Dec. 31, 1929*

Lands, buildings, machinery and equipment, less depreciation	$116,021,182
Current Assets	68,898,035
Current Liabilities	25,755,224
Working Capital	43,142,811
Net Sales	390,600,052
Net profit before Fed. Taxes	32,022,996
Interest on $81,282,500 Debenture 5¼s, 1948	4,267,331
Times Earned	7.50

** Includes all subsidiary companies owned at Dec. 31, 1929, and all wholly owned subsidiary companies acquired subsequent thereto, up to May 29, 1930.*

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Panama 5½s, 1953 ....(a)	....	...	102½GT	104	5.3	5.2
Norway 40-yr. ext. 5½s, '65	....	...	100F	102	5.4	5.4
Dominican 5½s, 1942 ....(a)	....	...	101G	99	5.6	5.7
Haiti 6s, 1952 ....(b)	....	...	100	96	6.3	6.3
Railroads						
Atchison, Top. & S. F. Conv. 4s, 1955..	273.3	5.68	110	93	4.4	4.5
Illinois Central 4¾s, 1966....	....	1.35	102½GT	101	4.7	4.7
Central Pacific Guar. 5s, 1960....(a)	....	2.72	105GT	104	4.8	4.7
Pennsylvania 5s, 1964	....	4.54	102T	104	4.8	4.8
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	95	4.7	4.8
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.23	....	118	5.1	4.8
Great Northern Gen. A 7s, 1936....(b)	139.8	2.41	....	111	6.3	4.9
Missouri Pacific 1st & Ref. 5s, 1977.(a)	94.6	1.70	105A	101	5.0	4.9
N. Y., Chic. & St. L. Ref. 5½s, 1974.(a)	58.8	2.21	105	107	5.1	5.1
Central of Georgia Ref. 5½s, 1959.....	30.9	1.57	105AG	105	5.2	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962.	49.9	X	105	105	5.2	5.2
Western Pacific 1st 5s, 1946....(b)	....	1.25	100	98	5.1	5.2
Nor'n Pacific Ref. & Impr. 6s, 2047.(a)	165.6	2.48	110G	113	5.3	5.3
Wabash Ref. & Gen. 5½s, 1975....(a)	61.6	2.08	105AG	104	5.3	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	14.2	X	107½T	108	5.5	5.4
Balt. & Ohio Ref. & Gen. 6s, 1995...(a)	235.3	2.03	107½AG	110	5.4	5.4
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.58	....	89	4.5	5.8
Public Utilities						
Pacific Gas & Elec. Gen. Ref. 5s, 1942..	29.0	2.26	105T	103	4.9	4.7
Columbia Gas & Elec. Deb. 5s, 1952....	....	4.62	105T	102	4.9	4.8
Consol. Gas of N. Y. Deb. 5½s, 1945.(a)	191.1	5.40	106T	107	5.1	4.8
Montana Power Deb. 5s, 1962....(a)	33.3	3.14	105T	102	4.9	4.9
Utah Power & Light 1st 5s, 1944....	....	2.83	105	101	4.9	4.9
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.87	....	100	5.0	5.0
Hudson & Manh'n 1st Ref. 5s, 1957.(b)	5.9	2.76	105	100	5.0	5.0
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	3.27	107½T	107	5.6	5.1
Arkansas Power & Lt. 1st & Ref. 5s, 1956 ....(c)	2.0	2.45	105	99	5.1	5.1
Northern Ohio Tr. & Lt. Genl. & Ref. 6s, 1947, "A" ....(a)	8.4	2.20	110	105	5.7	5.5
Amer. W. Wks. & El. Deb. 6s, 1975.(a)	12.7	1.53	110	108	5.5	5.5
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	1.93	105	94	5.2	5.6
Postal Tel. & Cable Co. Col. 5s, 1953..	0.6	2.08	105	93	5.4	5.6
Industrials						
Allis Chalmers Deb. 5s, 1937....(a)	....	6.29	103T	102	4.9	4.6
Gulf Oil Deb. 5s, 1947....(c)	....	13.04	104AT	102	4.9	4.8
Youngstown Sh. & Tube 1st 5s, 1978.(a)	....	6.86	105T	103	4.9	4.9
International Match Deb. 5s, 1947...(a)	....	9.81	109T	100	5.0	5.0
Sinclair Pipe Line 5s, 1942....(a)	....	5.33	103	98	5.1	5.2
Amer. Cyanamid Deb. 5s, 1942....	0.3	10.58	100	97	5.1	5.3
Chile Copper Deb. 5s, 1947....(a)	....	10.20	102T	96	5.2	5.4
National Dairy Prod. Deb. 5¼s, '48.(a)	0.6	10.40	103½	98	5.4	5.4
B. F. Goodrich 1st 6½s, 1947....(a)	....	3.61	107A	107	6.1	5.9
Short Terms						
Amer. Cotton Oil 5s, May 1, 1931....	....	10.47	105	100¼	4.9	4.3
Humble Oil & Ref. Deb. 5½s, '32..(b)	....	13.59	102½A	102	5.4	4.4
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1 1931 ....(a)	17.1	2.21	103	101½	5.9	..
Convertible Bonds						
Baltimore & Ohio Conv. 4½s, '60...	Com.@120(h)	2.03	105	102	4.4	4.4
Atch., Top. & S. F. Deb. 4½s, '48..	Com.@166.6	5.68	102	129	3.5	..
Inter'l Tel. & Tel. Deb. 4½s, '39...	Com.@63.9	3.07	102½	110	4.1	..
N. Y., N. H. & Hart. 6s, '48....	Com.@100	2.39	....	122	4.9	..
Chesapeake Corp. Col. Tr. 5s, '47....	C&O@196	2.84	100	100	5.0	..
Amer. Inter'l Corp. Deb. 5½s, '49...	Com.@80	1.49	105	97	5.7	5.8

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter. F—Not callable until June 1, 1935. (h) Convertible after February 1, 1930.

which will give the company the advantage of offering a more complete line of products when selling ice cream to drug stores. Purchase of Kraft Cheese also carried with it ownership of Southern Dairies Co., which gives National Dairy representation in a large territory in the South where it previously had not operated, thus adding to the already wide geographical extent of the business.

By thus diversifying its products not only in the dairy line but in other directions as well, National Dairy has greatly strengthened its position as a large merchandiser of food products in the country. Most of the divisions still center around the dairy industry, but there is little question that a number of other products will fit in well so far as distribution is concerned. It is entirely logical that future acquisitions will be made with the idea of offering a wider line of trade-marked products.

Earnings Continue Upward This Year

National Dairy has increased in size to the point where the normal growth of the population is a considerable factor in increasing sales of its products. It is interesting, therefore, that the per capita consumption of the principal dairy products is showing satisfactory gains. Sales of the more important dairy articles increase even during periods of general business uncertainty, a trend which finds reflection in the fact that National Dairy is one of the few companies which is earning more this year than last year. It has officially been announced that the gain in earnings for the first quarter of 1930 as compared with the first quarter of 1929 is about $1,000,000. The business is conducted on a very high turnover of inventory, obviating to no small degree the loss from this source.

The combined net sales of National Dairy Products Corp. and all companies now subsidiary to it for the year 1929 were $390,600,052. The cost of sales, including distributing and administrative expenses, less miscellaneous income and proportion of undistributed earnings for the full year of controlled subsidiaries of Kraft-Phenix Cheese Co. amounted to $349,518,054. Depreciation charges represented an additional $9,059,006 leaving net profit of $32,022,993 available for interest charges on the Debenture bonds. The interest requirements for the full year on $81,282,500 Debenture 5¼s, due 1948 are $4,267,331 which were, therefore, earned approximately 7½ times. On the same basis the year before (1928), these charges

(Please turn to page 634)

E. I. DU PONT DE NEMOURS & CO.

A Partnership With the du Ponts in Industrial Development

Income from Extensive Interests in Chemical Industry Promises to Exceed Return from General Motors

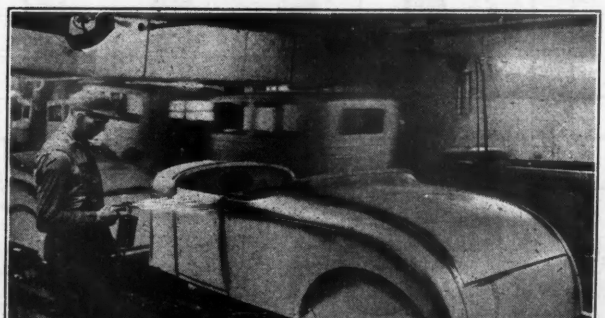
By Martin Thompson

E. I. du Pont de Nemours, a young French chemist, after shooting some inferior powder of a domestic manufacture while on a hunting trip in America in 1800, decided that there was a crying need in this country for an improved grade of gunpowder. He knew how to make it from previous experience and training as a powder maker in Essonne, France, under the tutelage of the celebrated chemist, Lavoisier. He resolved to build and operate a modern powder mill and organized a company for that purpose. The output of his first plant, established in 1802, was small, but the quality of his powder was far better than that of his competitors and soon won recognition by the trade.

This hunting trip inspiration was the idea that made possible the du Pont millions; and it is the investments of the du Pont family which has created E. I. du Pont de Nemours & Co., one of the greatest American industrials.

A few statistics are stimulating. The company owns and operates some 67 plants located at different points in 21 states, owns about 23% of the common stock of the General Motors Corp., and is the world's largest producer of explosives. The recent market valuation of the company was approximately $1,100,000,000. Last year's net earnings, as reported in the income account, were 78.1 million dollars.

In times of war the company always has been the chief producer of the Government's powder supply. Beginning with the punitive expedition against the pirates of Tripoli in 1804, and thereafter in every conflict in which the United States Army and Navy forces have participated, du Pont has been a source of ammunition. During the World War over 40% of all the explosives used by the United States and its allies were supplied by the company.



Paints Made by du Pont Subsidiaries Surface Perhaps Two-thirds of the Nation's Automobiles

The history of du Pont begins in 1802, when a small powder factory was erected on the banks of the Brandywine in Delaware. For more than a century the company was owned almost exclusively by the du Pont family, and even at the end of the World War there was little public interest in the company's securities. During the four-year period, 1915-1918, the du Pont properties earned about 260 million dollars after paying out about 50 million dollars in Federal taxes. Beginning in 1917 and extending over a period of several years a large proportion of this newly acquired capital was invested in the General Motors Corp., and after the war substantial sums were utilized to broaden out the company's chemical lines allied with the explosive business.

As a result of exhaustive development and research work, du Pont has become a substantial factor in the production of dyes, dyestuffs, rayon acids, heavy chemicals, paints, pigments, industrial alcohol, artificial leather, tetra-ethyl lead, wood alcohol, moving picture film, ammonia, and such trade-marked products as Cellophane (transparent wrapping paper), Pyralin, Viscoloid, Duco and Fabri-

koid. In 1928 it acquired the Grasselli Chemical Co., and more recently the business of Roessler & Hasslacher Chemical Co. has been taken over.

Scope of Business

Mere recitation of the facts cited above do not begin to reveal the scope and extent of the ramifications of the du Pont business. Du Pont powder is used in mining and building operations, in Army and Navy target practice, by thousands of sportsmen, in clearing the stumps from the pioneer's farm, in the manufacture of holiday goods, and practically everywhere that blasting is done. The company maintains wood pulp and paper plants and owns its own timber lands to supply them with raw materials. It makes its own packing boxes and other packing materials.

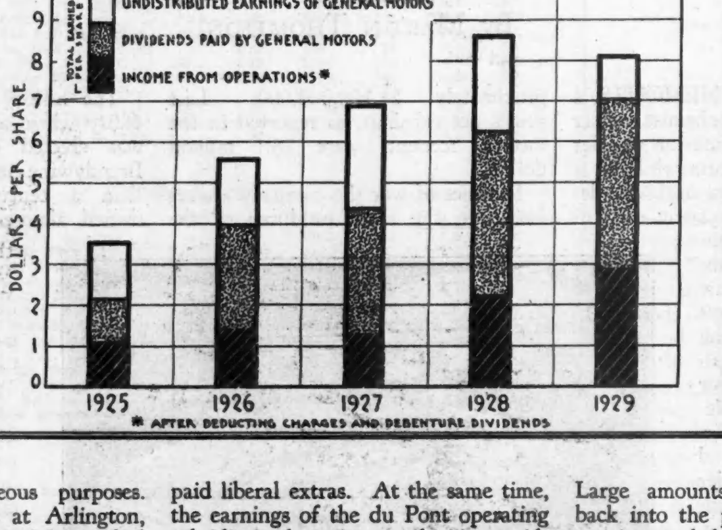
Paints made by du Pont subsidiaries surface perhaps two-thirds of the nation's automobiles. A modern machine shop at Wilmington supplies the specialized machinery used in the company's many plants. The Fabrikoid produced at Newburgh, N. Y., is used to bind books, to manufacture trunks, and for many other miscellaneous purposes. Pyralin products made at Arlington, N. J., and Leominster, Mass., find utilization on millions of dressing tables as parts of toilet accessories. The company's Cellophane wraps candies and other products, and rapidly is replacing tinfoil as the conventional protection for cigars.

Du Pont is the second largest producer of rayon, a large producer and consumer of industrial alcohol, serves the farmers of an extensive southern area with fertilizer and operates at least 24 widely scattered chemical plants producing hundreds of staple chemicals and chemical accessories. Its investment in the General Motors Corp. at one time last year had a market appraisal of nearly a billion dollars.

Du Pont common stock has been one of the most satisfactory American industrials to own during the past decade. Back in 1921 the old $100 par value stock could have been bought for less than $100 a share. Toward the end of the 1929 bull market the 100 shares bought 8 years before had grown through stock dividends and split-ups to 1,470 shares worth at the peak price of $231,339,570. At the current price of around $100 a share, the 100 shares bought for $10,000 in 1921 would be worth $147,000. This is after a decline of some 130 points from last year's peak price.

The General Motors Investment

The accompanying tabulation shows that since 1925 the General Motors investment has been contributing the greater part of the net income of du Pont. In addition to the regular dividends (the regular rate has been increased frequently) General Motors has paid liberal extras. At the same time, the earnings of the du Pont operating subsidiaries have increased quite rapidly; the 1929 operating income of du Pont was more than double the operating income reported for 1927. The fact remains, however, that dividends received from General Motors last year contributed almost 60% of du Pont's total net as reported in the 1929 income account, compared with 64% in 1928, 70% in 1927, 63% in 1926, and 46% in 1925.



From present indications, General Motors seems unlikely to pay any extra dividend in 1930 aside from the 30 cents a share distributed on January 3rd to stock of record November 17th, 1929. On the other hand, the regular $3 a share payment seems reasonably assured. Du Pont's dividend income from General Motors in 1930 (exclusive of the January extra which really was applicable to 1929), therefore, probably will not be over $29,643,660, which is just under $3 a share on the outstanding common stock of du Pont.

On the other hand, the company's earnings from its own operations may be larger than in any previous year, possibly aggregating in excess of $3 a share. It seems reasonable, therefore, to estimate that du Pont's income account for 1930 will show a profit of between $5.50 and $6 applicable to the stock. What General Motors may earn in addition to the $3 a share paid out in dividends is problematical, but it seems safe to guess that the surplus will not be large. Evidently du Pont in 1930 will earn between $1 and $2 a share less than in 1929, and a little less than was shown in 1928. The 1930 earnings, however, promise to be larger than those reported for 1927, or for and previous year.

It has been suggested that the bonanza years of the automobile industry are behind it. Even if this is true, it seems probable that the industrial earnings of du Pont shortly will begin to exceed the dividends received from General Motors, and there is reason to think that the industrial properties now have been developed to a point where their earning power should increase much more rapidly than formerly. Large amounts have been ploughed back into the property and much expansion probably has been charged to income or depreciation. The company owns or is interested in numerous valuable properties which do not show up in a conventional enumeration of assets. Probably no attempt ever has been made to "make a showing."

Excellent Diversification

One of the impressive facts about the du Pont industrial organization is the diversification of its interests. For instance, this year the rayon business is not particularly good; but the increase in profits from the Cellophane division has been very rapid. With mining and building operations reduced, the demands for explosives is understood to have been considerably under last year, but some of the newer chemical lines partly compensate for the decline in earnings from this source.

On the whole, if there is an increase in the earnings of du Pont's industrial division this year, it will be because of the company's spreading out into new profitable fields rather than because of any increase in the net profits of the older lines. That has been the secret of du Pont's growth in income—new sources of profits. Each year the company has something new from which to derive the wherewithal to pay dividends.

The company's capitalization is relatively simple. There are about 10,500,000 shares of common stock of $20 par value outstanding preceded by approximately 1,000,000 shares of $6 cumulative debenture stock, for all intents and purposes a preferred stock issue. The funded debt of subsidiaries is almost negligible, and the parent company, itself, has no bonds outstanding.

Some Concluding Operations

Perhaps the most graphic manner in which to appraise du Pont is to think of the common as representing almost one share of General Motors common stock for each share of du Pont common outstanding. In that way it is easy mentally to separate the General Motors investment from the company's industrial investment. At any time one may deduct the price of General Motors stock from du Pont common and arrive at the price at which the industrial investment is appraised in the market.

This method of procedure at once suggests a very stimulating thought. Du Pont's dividend rate is $4 a share per annum. Almost $3 a share per annum, or over 70% of this amount, comes from the General Motors investment. If it may be assumed, therefore, that if du Pont is earning about $3 a share from its industrial operations, only about one-third of net profits after debenture dividends are being paid out to the common stockholders as income and two-thirds of the company's net earnings, after debenture dividends, are going back into the property for development. In the past du Pont management has shown what it is able to do from funds reinvested from earnings and it probably will be just as successful in the future, depending, of course, upon the industrial conditions with which it has to contend.

The $6 debenture stock, analyzed by any investment or statistical method, is a high grade investment. The common stock is representative of that super-industrial class to which such issues as United States Steel, Allied Chemical & Dye, Corn Products Re-

(*Please turn to page 634*)

Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	—Earned $ per Share— 1927	1928	1929	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	133.40	133.73	182.20	No	86	4.7
Union Pacific	4 (N)	39.85	46.32	49.48	No	85	4.7
Atchison, Top. & S. Fe	5 (N)	40.47	40.21	49.18	No	105	4.8
Baltimore & Ohio	4 (N)	38.44	49.44	48.87	No	81	4.9
Colorado & Southern 1st	4 (N)	57.76	49.45	41.72	No	77	5.2
Pere Marquette Prior	5 (C)	64.06	75.60	55.50	100	97	5.2
Southern Railway	5 (N)	36.17	32.11	30.21	100	94	5.3
N. Y., Chicago & St. Louis	6 (C)	20.31	17.68	20.49	110	107	5.6
N. Y., New Haven & Hart	7 (C)	22.05	34.40	45.47	115	120	5.8
Kansas City Southern	4 (N)	9.04	14.01	16.02	No	66	6.1
**St. Louis, San Francisco	6 (N)	15.28	17.44	20.76	115	95	6.3
Colorado & Southern 2nd	4 (N)	53.76	45.46	37.72	No	63	6.5
Wabash "A"	5 (N)	6.87	9.24	11.32	110	75	6.7
Missouri, Kans. & Tex	7 (C)	13.06	16.34	14.31	110	100	7.0

Public Utilities

	Div. Rate $ per Share	1927	1928	1929	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§16.28	20.92	19.04	No	152	5.2
United Light & Power Conv.	6 (C)	....	....	15.42	105	110	5.5
North American Co.	3 (C)	31.74	40.22	47.48	55	54	5.6
Columbia Gas & Electric "A"	6 (C)	25.42	30.78	33.95	110	107	5.6
Philadelphia Co.	3 (C)	28.06	21.75	27.58	No	53	5.7
Engineers Publ. Serv. (w. w.)	5½ (C)	....	8.79	17.65	110	95	5.8
American Water Works & El.	6 (C)	24.30	31.05	39.11	110	104	5.8
Hudson & Man. R. R. Conv.	5 (N)	40.70	37.02	42.89	No	83	6.0
United Corp.	3 (C)	....	....	4.66	55	50	6.0
Standard Gas & Electric	4 (C)	16.76	14.07	20.39	No	65	6.2
Federal Light & Traction	6 (C)	33.67	49.93	51.72	100	96	6.3
Electric Power & Light	7 (C)	16.21	17.00	19.03	110	109	6.4
Amer. & Foreign Pow. 2nd	7 (C)	6.58	5.33	8.32	105	95	7.4
Postal Tel. & Cable	7 (N)	....	7.19	9.74	110	91	7.7

Industrials

	Div. Rate $ per Share	1927	1928	1929	Redeemable	Recent Price	Yield %
Case (J. L.) Thresh. Mach.	7 (C)	38.43	32.59	35.06	No	128	5.5
Mathieson Alkali Works	7 (C)	74.06	84.50	93.91	No	127	5.5
Bethlehem Steel Corp.	7 (C)	16.32	19.16	42.24	No	125	5.6
Deere & Co.	1.40 (C)	5.15	5.90	9.64	No	24	5.8
Stand. Brands, Inc., Cum. A.	7	125.34	123.40	129.41	120	120	5.8
Brown Shoe	7 (C)	44.12	85.27	44.11	120	117	6.0
General Cigar	7 (C)	67.32	62.81	85.92	No	117	6.0
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	115	6.1
Bucyrus-Erie	7 (C)	....	39.34	48.31	120	113	6.2
Crucible Steel	7 (C)	22.47	22.54	32.65	No	109	6.4
International Silver	7 (C)	30.82	27.48	23.82	No	107	6.5
Commerc. Investm. Trust 1st.	6½ (C)	24.36	45.50	81.92	110	99	6.6
Baldwin Locomotive	7 (C)	12.21	1.66	11.50	125	106	6.6
Associated Dry Goods 1st	6 (C)	24.10	24.55	23.91	No	91	6.6
American Sugar	7 (C)	7.97	14.60	15.40	No	106	6.6
Radio Corp. of Amer. "B"	5 (C)	....	....	19.44	100	75	6.7
Bush Terminal Debentures	7 (C)	18.88	20.55	22.34	115	102	6.9
Tidewater Asso. Oil conv.	6 (C)	7.35	19.49	19.10	105	83	7.2
Goodyear Tire & Rubber	7 (C)	18.30	18.90	28.69	110	94	7.4
Glidden Co. Prior	7 (C)	32.69	32.69	39.51	105	91	7.7
U. S. Smelting, Ref. Mining	3.5 (C)	6.28	8.43	9.91	No	45	7.8
Otis Steel Prior	7 (C)	11.80	28.68	31.98	110	89	7.9

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock.

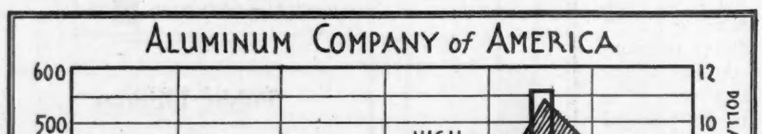
ALUMINUM CO. OF AMERICA

A "Monopoly" Stock in the Metal Field

Dominating Position of Company, Integrated Operations and Control of Ore Supply Assure Future Progress

By ROBERT SANDS

SHAREHOLDERS in the majority of mining enterprises have been treated to the disheartening spectacle of a steadily sinking commodity price level that has dragged metal quotations, in many instances, to the point where profits are well nigh non-existent. But, as in the case of most rules, the mining industry has its notable exceptions. Aluminum is one of these.



The unique stability of sulphur, nickel and aluminum might, perhaps, attract more attention were there a greater number of companies interested in these mining industries. But it is precisely because there are only a few producers that such metals as aluminum have withstood the pressure of world-wide commodity deflation.

The advantage of concentrated control in this industry, at least from the stockholder's viewpoint, is now being fairly well demonstrated. By contrast, the futility of attempting to bolster prices where many producers are exposed to the exigencies of over-production or under-consumption, as the case may be, has been signally exposed by the showing of commodities like copper, cotton and wheat.

Owing to expanding demand and greater volume production, the price of aluminum has shown only a normal downward readjustment since 1926, when quotations averaged 27 cents a pound. For 1927, the average was 25.4 cents while in the next two years and up to last June, prices held unchanged at 23.9 cents. About mid-year, quotations were lowered one cent a pound in deference to a reduction on imported aluminum under the new Hawley-Smoot Tariff Act.

Dominating Trade Position

It would be incorrect to say that this stability is due to the Aluminum Company of America's dominating position in the industry, since the Federal Trade Commission, last April, dismissed its four-year-old complaint against the company wherein it had charged violation of the Clayton Act.

Nevertheless, the company owes its great strength to close control of geographically concentrated deposits of the raw material from which aluminum is made. The fact that the industry is lodged in the hands of a few strong producers may be held to account for the absence of such erratic and disturbing price fluctuations as characterize the markets in most other mining products.

This centralization results from the infrequent occurrence of commercially valuable deposits of bauxite, from which aluminium is derived. Production of aluminum ore is concentrated in a relatively few localities, France and the United States being the leading producers. Since the Aluminum Co. is understood to possess control of more than 90% of the domestic deposits, its dominating position is self-evident.

With the European members of the international cartel, whose competition it has been able to meet and successfully withstand, Aluminum Co. of America controls practically the entire field. The latter's bauxite deposits are located principally in Saline County, Arkansas, but through its affiliate, Aluminum, Limited, a Canadian corporation, it has extensive interests in France and such secondary producing countries as Germany, Italy, Norway,

Jugoslavia, Switzerland, Great Britain and Japan.

British and Dutch Guiana are also important sources of the raw material and it is from these that Aluminum Co. obtains its principal supply of ore. Bauxite mined in Arkansas, constituting the minor portion of requirements, is shipped to the company's refinery at East St. Louis. Reduction plants, at which aluminum is produced, are situated at Niagara Falls and Massena, New York; Alcoa, Tennessee and Badin, North Carolina.

Mining and Manufacturing

Supplementing these facilities, the corporation has rolling mills scattered throughout the leading industrial states of the East, including Ohio, Michigan, Connecticut, New Jersey and New York. A general fabricating plant for manufacturing aluminum bronze powder and aluminum foil is located at Kensington, Pa., while the Massena properties include a wire and cable mill. Like a contemporary mining enterprise, Anaconda Copper, the Aluminum Co. has found it expedient and profitable to develop as a large scale manufacturing organization rather than as a mere "digger" of metal.

These manufacturing facilities are steadily being enlarged as new markets and new uses for aluminum are found. But it is not alone as a mining and fabricating company that Aluminum is distinguished. Extraction of the refined metal from its raw state requires an abundant supply of cheap electrical energy, since 20,000 kilowatt hours are consumed in producing each ton of aluminum.

Accordingly, the company has acquired numerous hydro-electric properties so that it is also in the nature of a quasi-public utility concern. In addition to its extensive water power interests in the United States comprising, among others, a vast new project in Western North Carolina and Eastern Tennessee involving an expenditure of 125 million dollars, it owns the large Chute á Caron hydro-electric development on the Saugenay River in Quebec. This holding alone has a capacity of 800,000 horsepower, comparing with an estimated total capacity of 1.5 million horsepower for all of the controlled power interests in being at present.

To these power properties must also be added Aluminum Co.'s investment in a block of Niagara Hudson Power Corp. common stock, amounting to 2.5 million shares, from which it derives a substantial annual income and which it received in exchange for its former holdings in the St. Lawrence Securities Co. and Frontier Corp.

Expanding Markets Through Education

To a very considerable extent, the corporation representing these vast enterprises has attained its present commanding position by adhering to a policy adopted almost at its inception. Founded in a small workshop forty-two years ago, the original company's backers struggled through the proverbial seven years of famine in their attempt to built up a market for the then practically unknown silvery white metal. Finally, when financial difficulties were threatening to become acute, they succeeded in enlisting the support of the Mellon brothers, of Pittsburgh fame, who have since continued as the company's bankers.

Following the time in 1888, when Charles M. Hall developed a process for recovering aluminum at low cost by the use of electricity and thus solved the problem of making the metal commercially desirable, the company and its industry have grown phenomenally. It was first found necessary, however, to develop a market by educating consumers to the advantages of aluminum. This policy, the company continues to pursue with unabated vigor and effort.

Beginning with the manufacture of cooking utensils, a division now in the hands of two subsidiaries, Aluminum Goods Manufacturing Co., and Aluminum Cooking Utensil Co., the new venture developed as a commercially successful enterprise. Thereafter it gradually branched out into other lines.

New uses slowly unfolded in the manufacture of wire, in deoxidizing steel and in the production of bicycles and carriages. With advent of the automobile, demand opened in volume. More recently, the aviation, building, chemical and railroad industries have assumed positions as important outlets. Railroad companies have been experimenting with aluminum as a possible substitute for steel in car construction, where weight reduction is desirable and feasible. Architectural demand has gained material headway since aluminum spandrels were used in constructing the Koppers Building in Pittsburgh and the Chrysler Building in New York, within the past year.

Briefly, aluminum may be employed effectively in those industries and for those purposes where its superior properties may be utilized effectively. These qualities are: light weight, high electrical conductivity, high reflectivity of light and heat, resistance to corrosion and the property of readily absorbing heat.

Today, aluminum ranks fifth among the metals in volume of production, following iron and steel, copper, lead and zinc. It is, necessarily, a competitive product. While capable of substituting for other metal, aluminum is itself subject to replacement by copper and iron under certain conditions. In recognition of this fact, and for the purpose of maintaining and enlarging its markets, the Aluminum Co., like all forward looking enterprises, has established elaborate research and development facilities whose function is to cut out the proper niche for its product and to discover profitable new uses.

This effort has been well worthwhile, as is demonstrated by comparative figures. Thus, world production of aluminum is estimated at 585 million pounds for 1929 compared with 500 millions in 1928, or 3½ times the output of 1913. Of this production, approximately 50% is credited to the Aluminum Co. of America. In the United States, production for 1929 has been estimated at 198 million pounds against 150 millions for 1925.

In the year last named, Aluminum Co. revamped its capital structure, giving holders in exchange for the old $100 par common stock, six shares of $5 par value common and

(*Please turn to page 634*)

Aluminum Company of America's Record

Year	Fixed Investments (After Depreciation, etc.)	Investment in Subsidiaries	Working Capital	Profit and Loss Surplus	Net Income
1929	$112,974,000	$50,288,000	$53,011,000	$25,938,000	$25,318,000
1928	100,064,000	43,227,000	60,318,000	*10,660,000	20,672,000
1927	117,804,000	57,136,000	67,088,000	25,530,000	15,108,000
1926	103,332,000	46,868,000	78,752,000	17,977,000	16,697,000
1925	80,958,000	46,727,000	61,274,000	†4,547,000	20,788,000
1921	89,077,000	13,994,000	28,153,000	92,154,000	no data

* After stock dividend paid on reorganization of capital. † After giving effect to recapitalization.

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

Rainy Days Are Still with Us

HARVESTING and enjoying the fruits of an extended era of prosperity, the great American public became lulled into a false sense of economic security. Wages were high, jobs were plentiful, and every family owned an automobile, a radio and countless other conveniences, which had been denied our grandfathers. That "poor times" had been forever relegated to the limbo of forgotten things became the accepted belief. Economic tracts, which had stood the test of time, were either forgotten or discarded and new theories were promulgated to show that business had been innoculated by a potent anti-toxin, immunizing it thoroughly from the scourge of depression. All manner of agencies, so it was said, were combining to eliminate the peaks and valleys of industry. How fanciful these ideas were is now common knowledge.

Even as history has repeated itself in the past year, it will do so again and our next era of prosperity may be greater than the last but an economic Utopia is still a mirage. Whether or not we will profit by our latest disillusionment, however, remains to be seen.

Many a salaried man and wage-earner is today suffering a poignant regret for neglecting to prepare for "that rainy day," and in many instances finds himself and his family confronted with real hardship. Industry has shown no hesitation in releasing thousands of employees and wages have been reduced. It is all very well to decry this situation and point with scorn to the heartlessness of large corporations, but it is an inevitable consequence and the only way open to industry by which it can weather its "rainy day." Industry knows only too well that every discharged employee means the loss of a potential customer and a trained worker and, if such course were feasible, would readily keep its forces intact until the wheels again turned at full speed. Under the present system, prompt curtailment avoids excessive production and hastens the ultimate recovery.

In times of stress, a well managed business will be able to draw on a surplus accumulated, in more prosperous times, against unforeseen adversities. Why then should not the individual fall in line and follow the example of industry, accumulate a surplus out of earnings and reduce his overhead? Like industry the individual wage-earner will be able to avoid distress and hardship. The "rainy day" fund should be one of the most important items in the family budget and in the end will more than justify itself by the peace of mind which it brings. It is the necessary anchor to windward.

Insurance for the Individual with an Irregular Income

An Insurance Problem of General Interest to Our Readers

By Florence Provost Clarendon

Insurance Editor:

Do you know anything about the record and safety of insurance companies which sell by mail? One sends me form letters occasionally, and I see by an ad of theirs in the ——— that they guarantee on participating policies 9½%, which they claim they save by dispensing with salesmen. It occurred to me that that would reduce the premium of an endowment policy rather rapidly, so that a small one would not be burdensome after the first few years.

My situation is this. I have a 20-year endowment for $1000. I took it out ten years ago, at the age of 24, and when I am 44 it will mature leaving me without any insurance. I have at present no dependents, but still dislike being entirely without insurance as I understand that even small estates often take a long time to settle, and I would wish to have cash resources available for last expenses. Also there is always the possibility, however unlikely, of one of my loved ones becoming a dependent. My income is small, and as I am a free-lance writer usually without definite salary, it is highly irregular. Nevertheless I have been able to carry the other insurance which has been considerably reduced by dividends and to save a little besides. Because of the uncertainty of my financial outlook, I dislike to commit myself to much insurance, but might take out a 20- or 30-year participating endowment for a small amount, in a company in which the dividends could be expected to reduce premiums quickly.

Do you know whether premiums on endowment insurance are much higher at age 44 than when policies are taken out at 34 or 35? If not much higher, I would prefer to wait till 44 as I have insurance protection until then.

Do you know if it is possible to accomplish the ends of insurance through a bank account. That is, in event of my death, would a bank be willing to put my balance in the name of a person I had designated to them as my heir? As I have insurance protection for ten years yet, I might, before its expiration build up a sum which with the matured endowment would be quite sufficient for my purposes, providing the money would be available for last expenses.—M. M.

The company you refer to is an "old line" institution issuing contracts on standard forms, and we consider are responsible for their commitments. The company refunds 9½% of the *preceding year's premium* as a reduction from the following year's premium. This is not a high dividend rate; many companies pay far more. You will understand of course that this is not 9½% of the face value of the policy, nor of the *accumulated* premiums, but is merely a refund as explained in the early part of this paragraph. In a company advertising as extensively as this institution, it is a moot question whether the cost of this publicity does not equal, perhaps exceed in some cases, the cost of agency maintenance in other institutions.

You speak of taking additional life insurance for the protection of dependents,—suggesting that you may perhaps delay applying for it until your present $1,000 endowment matures in ten years. But you will, of course, remember that aside from the larger premium cost at older ages, it is possible that you may not at that time be able to pass the required medical examination for the coverage. That is the period of life—around age 45—when impairments unforeseen and undeveloped in earlier life—frequently appear in a physical check up. Moreover, the very fact that your income is small and somewhat irregular, is a reason that you should plan

now to lay aside a certain part of your income, not only for the protection of a dependent, but also towards maintenance for yourself when you approach the later years in life.

I would suggest that you consider applying *now* for an endowment at age 65. This will provide protection for a beneficiary over a long period of years, and in the happy event of your living on to enjoy the autumn years—as we hope you will—the proceeds will accrue to yourself at age 65. In a participating company, a $5,000 policy on this form would call for an annual premium of about $163, *reducible by dividends* payable annually after the first year. This calls for a saving on your part of about $13 monthly, decreasing if dividends are applied in reduction. At age 65, you could use the $5,000 proceeds to purchase an immediate annuity, and, according to present quotations, you would thus be able to *pension yourself* in the sum of about $500 annually.

If you took this endowment at 65 in a *non-participating* life company, the annual premium would be about $130. In the long run, the cost to the insured works out about the same on either basis—participating or non-participating.

You can, of course, build up a thrift fund by means of deposits in a savings bank, a good building and loan association, and other conservative channels.

You will, however, remember that with the *first premium paid* on a life insurance policy you have immediately created an estate for a beneficiary in *the full face amount* of the policy,—a condition which of course does not obtain in other sources of saving.

If you wish to build up a savings bank fund for another person, you can do so, by placing the account "in trust" for the one you desire to protect. The exact manner of opening such an account will be explained to you at any savings bank to whom you apply for the information.

Look *Behind* the Label for Investment Security

The Descriptive Title of a Bond or Stock May Often Imply a Greater Degree of Safety Than Actually Exists. This Article Stresses the Need for Thorough Investigation—And Tells How It May Be Done.

By M. Carlisle Minor

THE increased volume of stock and bond flotations in this country since the advent of America as a creditor nation has been accompanied by a marked multiplicity of security types and titles. In most instances these variations serve useful and necessary purposes. In some cases they are confusing—particularly variations in nomenclature — and, occasionally, downright misleading to anyone except the trained investor or expert in security terminology. Whatever, though, his position may be, the prudent person, before making any commitment, will pause long enough to look behind the name for a discovery of his real rights and obligations.

The words, "stocks" and "bonds" give little, if any, trouble. They are generic terms. The one represents ownership equities; the other, creditor claims. Every average investor knows that, as stockholder, he is part owner of some enterprise, and, as bondholder, he holds a claim upon some debtor. This, perhaps, is plain.

Simplicity, however, probably ends here. From this point on a variety of terms and word combinations arise to perplex the investor. Titles may be equivocal and ambiguous. They may be calculatingly deceptive. Provisions in corporation charters, by-laws, or mortgage indentures may vary, modify, or even nullify the commonly accepted meaning of words that, in themselves, are clear. Even where security titles are adequately descriptive the investor may discover that, as a result of some rule of common or statute law, rights, which he thought he had, do not exist, or obligations are imposed upon him which he did not intend to assume.

Consider, first, the case of stocks. There are common and preferred stocks; stocks with par value and without par value; management stocks, debenture stocks, and founders shares. Occasionally, the commons are divided into classes, as Class A and Class B. Preferreds, frequently, bear like classification symbols, or they may be called first and second. They may be, also, participating, convertible, cumulative or non-cumulative, and with or without warrants. While not purporting to be all-inclusive, this list is sufficiently comprehensive, it seems, to suggest to the average individual the advisability of some familiarity with the meaning of security titles.

The experienced investor, however, is fully aware that a mere knowledge of forms and phrases is insufficient. Common stock, for instance, is generally regarded as carrying sole voting power. This, though, is not invariably true. Sometimes, it has no vote, as, for example, the original Class A stock of Dodge Bros., Inc., or the outstanding Class B shares of American Tobacco Co. Sometimes the right is shared with the preferred or certain bonds, resulting in a dilution of the common shareholder's power of control. Erie Railroad is a case in point. Occasionally, the privilege is lost, as in Brown Shoe Co., where sole right to elect directors passes to the preferred upon default in payment of four quarterly dividends. These and other limitations upon the usual attributes of common stock are discoverable, not from the name, which, at best, may contain only a hint, but from the charter and by-laws of the corporation. These instruments, together with statutory enactments and court decisions, constitute the expert's basis of study when investigating ownership status under any particular security issue.

Equal care must be exercised in the case of bonds. Here the types and titles are so numerous and varied that the process of familiarizing oneself with the terminology is more difficult than in the case of stocks. Here, too, reliance upon a general knowledge of the meaning of names is a precarious policy. The relationship between bond buyer and corporate borrower is contractual, being governed by a multitude of provisions which could not possibly be set forth in any short descriptive bond title. Recourse must be had to the instrument which contains these controlling provisions. This, in the case of the bond, is the corporate deed of trust.

As a rule, bonds derive their titles from either the character of the obligor, purpose of issue, method of repayment, or nature of the security. Titles coming from the first three sources usually do not equivocate or mislead, but

names based upon the security offered not infrequently are palpable misnomers. Not forgetting the advisability of scrutinizing fundamental provisions in all cases, close examination becomes imperative where one's chief concern is the character of the property pledged to secure the loan.

Sometimes a title understates the security. For example, the Brooklyn & Montauk Second Gold 5s of 1938 are an absolute first lien on 78.15 miles of railroad. Instances of such corporate frankness, however, are rare. Besides, situations of this character ordinarily develop as a result of earlier and underlying mortgages being retired. Usually, owing to the aversion of investors to second, third, and more distantly removed liens, corporations avoid the use of these words and resort to such illusive terms as "consolidated" and "refunding." Salesmanship requirements may justify this practise, but when corporate borrowers prefix these titles with the word "first," making them read "first consolidated" or "first refunding" mortgage, the breaking point is reached. The implication in such titles is that the security is a first mortgage, when, in fact, the only justification for the use of the term "first" may be that it is the corporation's first issue, in point of time, which is of a consolidated or refunding nature.

The phrase "first and refunding" is sometimes said to admit of no such equivocation. When one discovers, though, in the First and Refunding 5s of the old Missouri Pacific Railway that the bonds are secured by a first mortgage on only 165 miles of line out of approximately 3,700 for the entire system, he begins to wonder whether this, too, isn't a case, par excellence, of bond-title chicanery.

Equally deceiving in name is the "prior lien" bond. Use of the phrase may be defended upon the ground that it means precedence, not primacy, and is, therefore, a relative, rather than an absolute, term. To the average investor, though, this is a fine distinction. Properly conceived, it suggests some form of underlying security, but, often it means nothing more than an obligation with rights that are, not first, but prior only to certain other rights.

The term "first lien" permits of no such quibbling. "First" means primacy—not merely precedence. It is somewhat disconcerting, therefore, to find that the $22,000,000 issue of Chicago and Alton First Lien 3½s of 1950 is a second mortgage on certain collateral and approximately 595 miles of track, and a first lien on less than 90 miles.

"Gold," is another much used and unduly stressed portion of many bond names. In a recent issue of the Commercial and Financial Chronicle, the term appeared in the descriptive titles of six out of eight major bond advertisements. When, as frequently happens in countries following great wars, a government's currency becomes debased, the promise to pay in gold assumes great importance. So long, though, as a nation maintains a gold standard, the significance of this stipulation is less real than apparent. It tells nothing, in itself, of the strength of the obligor, character of the security or other pertinent provisions of the mortgage contract. Too often it implies a greater degree of safety than actually exists.

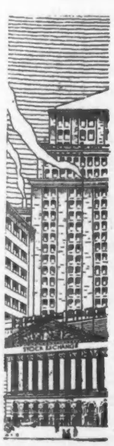
It should not be inferred from what has been said that security titles are mere devices to catch the unwary. On the whole, they are truthful and serviceable. Too much, though, should not be expected of them. Neither should one conclude that the investment banking fraternity is wholly responsible for the shortcomings of the situation. The requirements of borrowers and lenders vary, so bankers devise multitudinous security forms in an effort to meet these varying needs of their customers. Besides, the multiplicity of liens and complexity of provisions in a single mortgage preclude the possibility of incorporating in a short descriptive title many essentials that vitally affect a bondholder's rights.

The burden of investigation rests always upon the in-

(Please turn to page 628)

BYFI RECOMMENDS—

For Saving



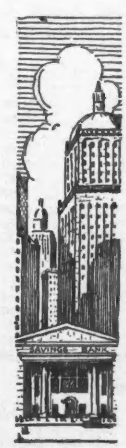
1. SAVINGS BANK. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available for employment in other mediums.

2. BUILDING & LOAN AND GUARANTEED MORTGAGES are conservative investments secured by real estate mortgage. Building & loan shares, essentially a mortgage investment, are purchasable in monthly installments. Guaranteed mortgages are obtainable in large or small denominations. Both mediums must be selected on their individual merits and the reputation of the association or company.

3. ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should occupy a minor role in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	101	4.7
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965	105	4.7
3. Standard Oil of N. Y. deb. 4½s, 1951	99	4.5
4. Western Pacific 1st 5s, 1946	98	5.1
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	103	4.9
6. New York Steam 1st "A" 6s, 1947	107	5.3
7. Chesapeake Corp. Conv. Coll. 5s, 1947	100	5.0
8. Associated Dry Goods 1st 6% Pfd.	91	6.5
9. Hudson & Manhattan Conv. 5% Pfd.	81	6.1
10. Southern Pacific Common $6	118	5.1



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed, are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Business Recession Near Turning Point

Approach of Fall Months Should Bring Gradual Improvement in Many Industries

STEEL

Industry Marks Time

WHILE there is no evidence of material improvement in the steel industry, it is probable that the decline in production has been checked, and the outlook for the Fall months is not without hopeful aspects. The belief that a definite upturn in steel activity will occur in August is gaining adherents and sentiment generally is being couched in more optimistic terms. Factors which lend weight to the anticipated improvement include the probability that automobile production will be stepped up and that general business, as a whole will display increasing momentum. July, therefore, probably marked the low

(Please turn to page 634)

THE TREND IN MAJOR INDUSTRIES

STEEL—In all probability the steel industry has passed the low point in the current recession and the month of August is expected to mark a turn for the better, which should become more impressive in the succeeding months. Pipe and structural requirements have rendered timely aid in sustaining the average level of operations at slightly below 60% of theoretical capacity. Prices, although displaying marked irregularity, have not been subjected to the severe downward revisions that have marked the past several months and the general weakness appears to have been checked.

AUTOMOBILE ACCESSORIES—With but few exceptions accessory manufacturers have been forced to curtail output to correspond with automobile production and sales in the first six months were approximately 15% under those for the same period of 1929. During the next several months the introduction of new models can be expected to spur activity somewhat but manufacturers are proceeding cautiously with production schedules.

PETROLEUM—Proration agreements have been responsible for a steady decline in the production of crude and for the week ended July 26th, daily average output was lower than at any time since July 19, according to reports of the American Petroleum Institute. Reflecting curtailed refining operations and a heavy Summer demand, stocks of gasoline have undergone successive reductions for a number of weeks past, thus achieving in a measure the much needed correction in this phase of the industry.

BUILDING—The figures of F. W. Dodge Corp., covering building contracts let in thirty-seven states East of the Rockies during the first half of the current year reveal the largest volume of public works and utilities building on record for that period. On the other hand, residential building was 47% behind the first six months of last year. Some slight improvement in residential construction is in prospect for the last half of the year and public works and utilities construction promises to be fairly well sustained.

ELECTRICAL EQUIPMENT—In the aggregate, the demand for electrical equipment continues to be sustained at a satisfactory volume. Utility and industrial projects have created an active demand for heavier units and the shipbuilding industry has figured prominently in large purchases. Sales of electric refrigerators are reported to have broken all previous records.

COPPER—The vigorous demand from both foreign and domestic sources which was brought to the fore by 11-cent copper has tapered off abruptly, with buyers showing a decided disposition to await further developments. It is understood that large domestic consumers have filled their requirements to the end of the year and there is little likelihood that there will be any urgency for the present to make commitments beyond that time. Meanwhile, stocks of copper above ground are still sizable.

SUMMARY—Sentiment continues to favor a better tone in business, beginning with August and the outlook would seem to afford some logical basis for this attitude. It is to be emphasized, however, that improvement will be quite gradual, rather than pronounced.

COMMODITIES*

(See footnote for Grades and Units of Measure)

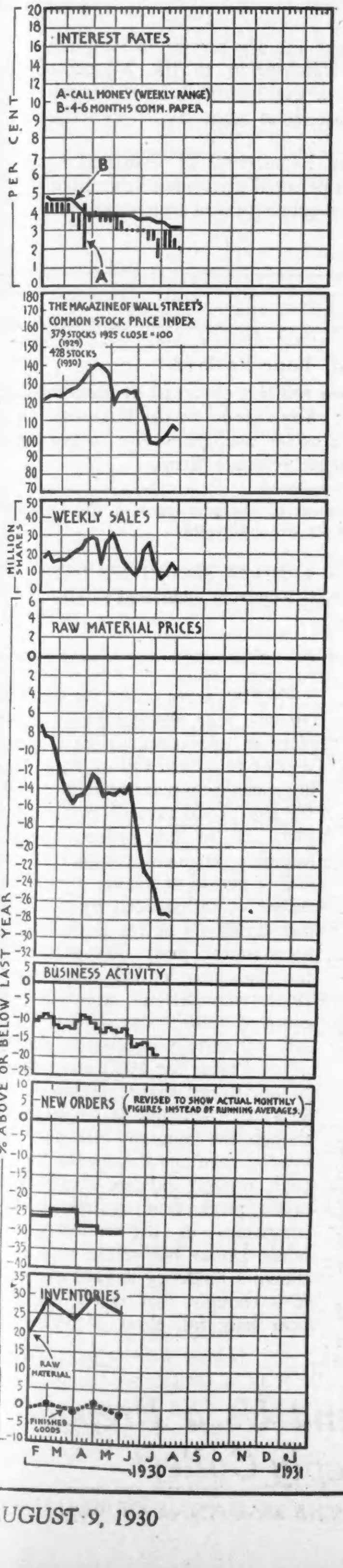
	1930 High	1930 Low	1930 Last
Steel (1)	$34.00	$31.00	$31.00
Pig Iron (2)	18.50	18.00	18.00
Copper (3)	0.17⅝	0.11	0.11
Petroleum (4)	1.45	1.18½	1.18½
Coal (5)	1.65	1.40	1.45
Cotton (6)	0.17½	0.12⅞	0.12⅞
Wheat (7)	1.46½	1.01⅝	1.01⅝
Corn (8)	1.06⅝	0.92¾	1.05⅝
Hogs (9)	10.85	9.00	9.10
Steers (10)	16.50	11.15	11.15
Coffee (11)	0.10⅛	0.09	0.10
Rubber (12)	0.16⅜	0.12¼	0.12½
Wool (13)	0.34	0.28	0.30
Tobacco (14)	0.14	0.14	0.14
Sugar (15)	0.03⅝	0.03⅛	0.03¼
Sugar (16)	0.05¼	0.04⅝	0.04¾
Paper (17)	0.03½	0.03⅛	0.03½
Lumber (18)	20.33	17.68	17.68

* Aug. 4, 1930.

(1) Billets, rerolling, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per lb.; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) 220-240 lb. wts.; (10) Top, Heavies, Chicago, 100 lbs.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex Crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE MAGAZINE OF WALL STREET'S INDICATORS

Business Indexes

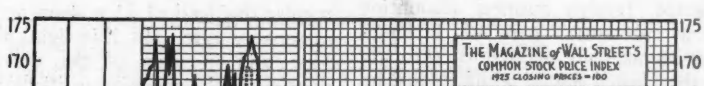


Common Stock Price Index

(1925 Closing Prices—100)

Number of Issues in Group	Group	1930 Indexes (428 Issues) High	1930 Indexes (428 Issues) Low	Recent Indexes July 19	Recent Indexes July 26	1929 Indexes (379 Issues) Close	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low
428	COMBINED AVERAGE	140.7	96.1	107.1	106.3	109.0	173.1	105.6
40	Railroads	144.5	106.6	115.5	115.5	129.0	169.5	120.8
3	Agricultural Implements	405.5	227.7	263.2	258.9	258.0	655.5	237.1
3	Aircraft (1927 Cl.—100)	153.1	82.2	97.7	98.8	86.0	307.1	78.0
8	Amusement	272.0	123.4	195.5	195.0	129.6	268.0	121.5
22	Automobile Accessories	118.1	68.4	83.8	84.4	84.2	212.6	82.9
18	Automobiles	78.4	44.4	53.0	52.4	54.2	134.9	52.1
3	Baking (1926 Cl.—100)	74.2	42.7	50.5	46.9	43.4	96.3	39.8
2	Biscuit	243.1	189.9	230.4	234.8	189.9	267.6	177.0
5	Business Machines	262.7	181.5	204.0	199.5	219.4	385.8	205.0
2	Cans	226.0	162.8	189.1	195.0	171.9	273.5	157.1
9	Chemicals & Dyes	248.5	161.4	187.4	184.4	220.4	363.9	204.5
4	Coal	107.9	69.7	77.5	76.5	83.8	124.0	77.0
16	Construction & Bldg. Material	121.8	78.0	90.8	89.8	82.4	145.4	76.6
13	Copper	211.7	117.8	124.5	126.8	194.5	391.5	189.6
4	Dairy Products	125.1	81.4	125.1	116.9	86.5	146.0	73.3
10	Department Stores	51.6	33.9	37.6	36.7	38.0	86.5	37.5
9	Drugs & Toilet Articles......	142.0	106.7	118.1	118.9	123.0	199.2	119.2
8	Electric Apparatus	239.1	166.5	193.0	197.9	172.9	298.5	151.3
3	Fertilizers	54.4	32.6	35.8	37.2	40.8	121.4	36.5
2	Finance Companies	148.4	91.8	100.8	100.0	101.4	213.9	95.3
4	Furniture & Floor Coverings..	119.2	65.1	73.0	72.4	109.2	209.3	102.3
6	Household Appliances	92.5	53.5	60.0	58.7	57.3	110.8	56.6
4	Investment Trusts	184.9	114.6	127.6	126.7	125.7	406.2	113.3
3	Mail Order	170.0	104.0	112.1	112.7	132.6	418.6	127.5
4	Marine	88.8	50.4	55.1	54.9	62.2	93.7	60.1
3	Meat Packing	58.4	41.4	44.6	45.0	54.2	104.4	51.2
45	Petroleum & Natural Gas....	142.5	101.5	113.5	111.0	106.7	171.7	104.5
6	Phono'phs & Radio (1927—100)	175.2	92.6	107.7	105.5	129.6	321.1	116.3
23	Public Utilities	305.0	215.2	239.9	240.2	224.9	388.4	194.2
11	Railroad Equipment	115.4	76.3	80.1	79.5	99.2	136.1	95.0
3	Restaurants	153.1	117.8	126.0	129.6	127.2	180.5	117.9
2	Shoe & Leather	116.5	79.4	92.4	90.3	79.4	178.3	76.3
2	Soft Drinks (1926 Cl.—100)...	246.5	195.5	231.8	233.7	198.4	244.0	183.5
15	Steel & Iron	146.5	98.9	111.3	111.0	117.8	173.4	112.8
6	Sugar	45.1	19.8	20.8	21.1	39.7	81.6	39.2
2	Sulphur	268.7	204.2	230.8	240.1	214.0	295.2	191.4
3	Telephone & Telegraph	177.2	127.5	138.7	138.0	167.8	252.3	150.1
6	Textiles	70.5	46.4	46.8	46.4-L	49.9	128.5	48.1
8	Tire & Rubber	39.0	21.4	24.9	22.6	25.6	111.4	25.6
18	Tobacco	107.3	78.8	84.8	83.0	83.4	184.6	79.6
5	Traction	103.5	65.0	76.0	71.2	65.2	140.4	58.9
2	Variety Stores	88.7	66.3	72.9	74.5	88.7	138.8	83.6

L—New LOW record since 1928.



(An unweighted Index of weekly closing prices specially designed for investors. The 1930 index includes 428 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies).

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

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3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

NATIONAL CASH REGISTER

Does the recent 10% wage cut put into effect by the National Cash Register Co. indicate the conservation of its cash reserves and forecast a reduction in its Class A dividend payments? Shall I accept a loss of close to $1,000 on 25 shares or take advantage of the current low price to scale down my cost per share?—S. E. C., Tampa, Fla.

National Cash Register Co., in addition to being the largest producer of cash registers in the world, manufactures accounting machines and allied labor saving office equipment. The company's operations are international in scope, foreign business accounting for a substantial part of earnings. Sales agencies are maintained throughout the United States, while its foreign subsidiaries take care of export business. Earnings in recent years have shown a gratifying tendency toward expansion, equalling $5.25 per share of Class A stock in 1929, against $5.21 a share and $4.70 in 1928 and 1927 respectively. Income for the initial half of the current year, however, reflect depressed business conditions, not only in this country, but abroad. Despite the fact that drastic economies have been effected in operations, recession of sales have sharply reduced profits for the first six months of 1930. Per share earnings amounted to $1.42 for the "A" shares as compared with $1.63 for the initial half of 1929 and the semi-annual dividend rate of $1.50. A recent bulletin of the company stated that decline in profits is likely to continue through the third quarter of the year, although a turn for the better should be in evidence during the final period. While full year earnings will not compare favorably with 1929 results, present regular dividend of $3 a share appears reasonably safe. In this light, therefore, and in view of the dominant position of the company in its field, we are inclined to counsel further retention, as opposed to a sacrifice sale.

HUMBLE OIL & REFINING CO.

How do you rate Humble Oil common at this time? With the peak season for consumption coming to a close and the oil situation still in a precarious position, I contemplate closing out 25 shares of Humble even at a loss of $500. What is your judgment in this matter?—V. J. M., Buffalo, N. Y.

Humble Oil & Refining Co., controlled by Standard Oil Co. of New Jersey, is engaged in all branches of the oil industry, and through 100% stock ownership of Humble Pipe Line Co., operates one of the largest pipe line systems in the world, consisting of 3,739 miles of trunk lines and 2,434 miles of gathering lines. At the beginning of 1930, company's developed acreage amounted to 213,100 acres, while unproven lands amounted to 3,895,500 acres. By the end of the current year the company expects to place in operation, under the supervision of Standard Oil of New Jersey, a hydrogenation plant at Baytown, Texas, for the production of gasoline. Complete use of this process should considerably augment company's earnings over a period of years. Net income in recent years has been irregular, reflecting variations of the petroleum conditions in the past. Per share earnings for the year ended December 31st, 1929, were $10.93, approximately 84 cents of which was derived from the sale of certain properties during the year. Profits for 1928 were equivalent to $6.50 per share as compared with $2.41 in 1927 and $6.62 in 1926. Although the company has published no interim earnings statements for current year, reports indicate that it has curtailed production in line with other companies in the industry. Thus, while prices for crude recently have shown a tendency toward higher levels, it is thought that results for the full year may fall short of 1929 returns.

(Please turn to page 636)

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8-9

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Look Behind the Label for Investment Security

(*Continued from page 623*)

vestor. If a stock is being considered, the charter and by-laws should be consulted; if a bond, the corporate indenture should be read. In both cases, the construction placed by courts upon the provisions of these basic instruments should be sought. Where these primary sources are not accessible, information may be secured from bankers, brokers and investment services. Failure to take such precautionary measures may teach the investor, in a costly and very rude manner, that "first" may mean "last" and "gold" may be only a device for obscuring weaknesses by attracting attention to an empty emblem of strength.

Consolidation for Mastery of the Air

(*Continued from page 600*)

enough to repeat in the air his triumph in ground transport.

Among other holding and securities companies are the Air Investors Corporation, the Aviation Credit Corporation, the Aviation Securities Corporation, the National Aviation Corporation and the North American Aviation.

All things considered, the United Aircraft and Transport Corporation is the outstanding group at present in the American aviation field. With its recent acquisition of the National Air Transport, Inc., it handles through its subsidiary transport companies about 54 per cent of the air mail. Last year it gathered in 60 per cent of the total airplane engine business and did more than 50 per cent of the aircraft exports business. It operates, between the National Air Transport and the Boeing Air Transport a through continental line between New York and Pacific Coast points. The Pacific Air Transport gives it a north and south line along the Pacific Coast. Through the N. A. T. it also operates air lines between Chicago, Kansas City, Dallas, Oklahoma City and other places in the Southwest. It also has the Stout line between Detroit and Chicago.

Feeding these transport companies with equipment are the Boeing Airplane Company, the Chance-Vought Corporation, the Hamilton Metal Plane Company and the Sikorsky Aviation Corporation, which manufacture airplanes; the Pratt & Whitney Aircraft Company, manufacturers of aircraft engines; and the Hamilton Aero Manufacturing Company, makers of airplane propellers.

The guiding genius of the United is Col. E. A. Deeds, one of the most self-effacing and at the same time one of the most powerful figures in the American financial and industrial world. Intimately associated with the Wrights in the early days, enamoured of aviation from the beginning, inspirer of the Liberty motor, organizer of aircraft production during the war, consistent developer since, he commands the respect of the aviation world.

The administrative policy of the company is the sound one of decentralization of operating supervision. Each subsidiary company is required to "paddle its own canoe." Further acquisitions are probable as time goes on, but it is considered that no more long domestic transport lines will be acquired, as the United group now has about as much mail patronage as the government is likely to give it. A characteristic of the United and its subsidiaries is that its executives are all air enthusiasts and in the "game" because they love the creative side of it. At the same time they have been associated with it long enough to have their ardor restrained by experience.

The United seems to have pivoted its future in the international transport field on the development of lighter-than-air craft. It has formed an association with the Zeppelin interests, the International Zeppelin Transport Corporation, which is concentrating on research studies at present with a view to determining the possibilities of the dirigibles. If these studies are favorable the new corporation may be counted upon to enter the dirigible field, which it considers to be mainly a trans-oceanic development.

An executive of one of the great companies, a man who is at the center of the technical as well as the financial ganglia of the aviation industry, told the writer that it is by no means sure as yet that long-distance overseas transport is to fall to the Zeppelins. The coming flight across the Atlantic of the 150-passenger Dornier, driven by American engines, may put a period to Zeppelin development, in his opinion. A great seaplane can be built for a fourth of the cost of a Zeppelin, and broadly speaking, requires no special costly terminals. It can land wherever there is water; whereas the Zeppelins require vast and costly terminals. The event probably depends upon the ability of the mammoth seaplanes to demonstrate comparability in safety to the Zeppelins.

The plans of General Motors regarding the air are rather obscure, but in view of its reputed control of the American Dornier airplane concern, whose German parent is the builder of the world's largest flying boats, there is an inference that it is concentrating attention on the flying boat as being the overseas transport of the future rather than the Zeppelin. Its new General Aviation Company controls the Fokker Aircraft Corporation of America, which is about to lose its nominal identity. The huge flying boat idea is in line with the policy of the Fokker company of building big transport airplanes. The Fokker company has leased plants at Teterboro and Passaic, N. J., and Glendale, W. Va. It does not manufacture engines, but uses the Wright Whirlwind and Pratt & Whitney Wasp engines, thus bringing the General Motors into dependence upon the Curtiss-Wright and United companies. The General Motors Corporation acquired its 40 per cent of the Fokker company by turning over to the latter the Dayton-Wright Company, of Dayton, which was one of the great war-time plane manufacturers.

Along with the Fokker company General Motors has absorbed the Western Air Express Corporation, thereby getting into the transport field on a large scale. Other subsidiaries of the General Motors that have an air bearing are the Bendix company and the A-C spark plug company. General Motors is known to have been making a comprehensive study of air transport and the market for aeronautical products throughout the world. The old battle between General Motors and Ford in the automobile zone may be repeated in a great world-wide competition in aircraft.

The Aviation Corporation is held to be more or less of a mystery in aviation circles. Organized in March, 1929, it is more nearly a true holding company than the other big companies that are in that field. It is sometimes described as an aviation investment trust. It controls the Universal Aviation Corporation, operating extensively in the transport field in the middle west and southwest, and having many subsidiaries with various specialties. It also own a block of shares in the Fokker company—or did. Other companies on its list are Colonial Airways, which controls several subsidiary transport companies and covers a vast field from New England to Texas. The Aviation Corporation is in the production field through the Fairchild Aviation Corporation and the latter's subsidiaries. It is also interested in Roosevelt Field and the Waco Aircraft Company. It has or had an interest in Western Aircraft Corporation and the Aviation Corporation of the Americas. Through the latter, Aviation holds a 50 per cent interest in Pan-American Grace Airways, which operates the air

mail route from New York to Buenos Aires via the west coast of South America. Through other companies it operates in the Carribean and to Mexico. This company has come into competition with the New York, Rio and Buenos Aires Line for United States mail contracts, and the Postoffice Department is urging them to act together, which may result in actual merger.

The Curtiss-Wright Corporation is at present the greatest of the holding companies, considering capitalization and the number, variety and extent of its interests. It was formed at the height of the merger fever in 1929, being a union of the Curtiss Aeroplane and Motor Company and the Wright Aeronautical Corporation—former keen rivals—and their affiliated companies, through the C. M. Keys and Richard F. Hoyt industries. The latter include the Curtiss Airports Corporation, the Curtiss Flying Service, the Curtiss Aeroplane Export Corporation, the Curtiss-Caproni Corporation, the Curtiss-Roberts Airplane Manufacturing Company, the Keystone Aircraft Corporation, the Moth Aircraft Corporation Unit, New York and Suburban Air Lines, New York Air Terminals and Travel Air Company. This merger, primarily industrial, differs from the United in that it has gone in strongly for the ownership of air ports and is not so intimately involved in extensive air transport. It appears to have based its policy on faith in the rapid development of individual airship ownership. Nevertheless, it is closely affiliated with the Transcontinental Air Transport and Aviation Corporation of America. The former is the air-rail line in which the Pennsylvania and Atchison are interested. In turn it owns the Maddux Air Lines, reputed to be the largest air passenger system on the Pacific Coast, with foreign lines to points in Mexico and Guatemala.

The hard sledding of the latter part of 1929 and the first half of 1930 has promoted the consolidation tendency, the ramifications of which are now so extensive, overlapping and changing that it is difficult to claim accuracy for any review of consolidations in the air field. Consolidation will go further—just as far as the fear of governmental policy will permit. It will result in the establishment of a comparatively few corporations in control of the air industry and transport. It marks the passing of the pioneer phase of air adventure in America, when almost any aviator or inventor had a chance of becoming a magnate. The engineers go as the capitalists arrive. The investor travels with the latter. The field is now pretty clear for the investor who wishes to identify himself with an industry that has a great future and yet is in a present stage of being healthfully deflated—for investment purposes.

"Take That!" Says Miss Canada

(Continued from page 605)

voters, notably at the general elections of 1906 and 1924 on this issue, it has not abandoned its Imperial trade program. Indeed under the pressure of a crusade conducted by the Canadian-born newspaper magnate, Lord Beaverbrook, and his ally Lord Rothermere, the British Conservatives in recent months have committed themselves more definitely than ever before to a policy of protection, one of whose cardinal features would be a system of preferential tariffs for the benefit of the overseas units of the Commonwealth which would necessitate duties on foodstuffs. It is true that Mr. Baldwin has so far resisted the desperate efforts of Lord Beaverbrook and his friends to make him accept a policy of food tariffs and has resorted to a compromise in which he has agreed to submit this particular question to a referendum of the British people. Further, the official Conservative party will not go for the moment, but they are at present prosecuting a great "Home and Empire" protectionist campaign in Britain and there is evidence that they are rapidly making converts. Ramsay MacDonald and his colleagues in the Labor party are quite aware that their popularity has been waning and that the Conservative program is awakening a sympathetic response throughout the country. It will fall to their lot to meet at the Imperial Conference the representatives of the overseas dominions and they know that if they adopt a purely negative attitude towards proposals for the stimulation of inter-Imperial trade, they will be subjected to a devastating attack by their Conservative opponents on the ground that they have thrown away the last opportunity for salvaging the economic fortunes of Britain.

Bulk Purchases of Foodstuffs

So it is an open secret that an influential group in the Labor party have been engaged in working out an Imperial trade policy on decidedly novel lines. Undoubtedly what this wing of the Labor party has in mind is a system of bulk purchases of foodstuffs from the Dominions and Colonies, thus avoiding the British repugnance to any form of a tax on food. It is claimed that by the elimination of the middleman and by other economies, it would be possible to effect savings which would enable the colonial producer to get a better price for his products without increasing the cost to the British consumer.

It is also suggested the idea of bulk purchase be extended to all raw materials.

The proponents of these schemes claim that their economic and political possibilities are tremendous because they lift the Imperial problem out of the atmosphere of tariff quarrels, give practical advantages to the dominions, and offer a basis for the gradual economic consolidation of the whole Empire.

The adoption of the collectivist scheme of bulk purchases of foodstuffs and raw materials for all the requirements of Britain would have far-reaching effects on the United States and would profoundly affect its relations with Canada. The United States might be entirely excluded from the British market for wheat and any other commodity that Canada or the other colonies and dominions could supply in full now or in the future. Any plan of commercial consolidation of the British Empire demands the cordial co-operation of the dominions. The victory of the Conservatives in Canada, who are pledged to a "Canada First" policy, even at the cost of subordination of Imperial interests, and the new high tariff program of Australia, do not improve the prospects of the coming Imperial Conference achieving noteworthy results in the direction of the economic unification of the British Empire. Hence although the outcome of the Canadian elections seems to insure aggressive anti-American tariff policy it does not contribute to the success of an imperial tariff policy that might be even more ominous to American interests.

For Feature

Articles to Appear

in the

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New York Stock Exchange

RAILS

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 7/30/30	Div'd $ Per Share
A								
Atchison	204	182⅜	298⅝	195⅛	242½	194	215¼	10
Do Pfd.	108⅛	102½	104⅞	99	108	102⅝	104¾	5
Atlantic Coast Line	191½	157⅛	209½	161	175½	145	146	10
B								
Baltimore & Ohio	125⅝	103¾	145⅛	105	122⅜	98¼	105½	7
Do Pfd.	85	77	81	75	84⅝	78¼	84½	4
Brooklyn-Manhattan Transit	77¾	53⅜	81⅞	40	78⅜	58⅜	65	4
Do Pfd.	95⅜	82	92⅜	76½	94	84⅞	91½	6
C								
Canadian Pacific	253	195½	265⅞	185	226¾	184⅝	186	10
Chesapeake & Ohio	218¾	175½	279¾	160	241¾	171	186¾	10
C. M. & St. Paul & Pacific	40½	22¼	44⅞	16	26⅜	12½	14⅛	..
Do Pfd.	59⅝	37	68⅝	28⅛	46¼	20½	23¼	..
Chicago & Northwestern	94¼	78	108⅛	75	89⅞	66	74	5
Chicago, Rock Is. & Pacific	139⅝	106	143½	101	125⅛	95	102½	7
Do 7% Pfd.	111½	105	109	100	110⅜	105	107	7
D								
Delaware & Hudson	226	163¼	226	141½	181	146	†158	9
Delaware, Lack. & Western	150	125¼	169¾	120¼	153	110¼	114⅛	7
E								
Erie R. R.	72½	48¾	93½	41½	63¾	35⅛	41¾	..
Do 1st Pfd.	63⅞	50	66¼	55½	67⅜	53½	58⅛	4
Do 2nd Pfd.	62	49¼	63⅞	52	62½	50	55	4
G								
Great Northern Pfd.	114¾	93½	128¼	85¼	102	71¾	81⅞	5
H								
Hudson & Manhattan	73½	50⅛	58⅜	34½	53⅜	41	46⅛	3½
I								
Illinois Central	148¾	131⅜	153½	116	136¾	113¼	118¼	7
Interborough Rapid Transit	62	29	58⅜	15	39½	20⅜	26⅛	..
K								
Kansas City Southern	95	43	108⅞	60	85⅝	58¾	†63	5
Do Pfd.	77	66½	70½	63	70	65	†65	4
L								
Lehigh Valley	116	84⅛	102¼	65	84⅞	57⅝	†61	4½
Louisville & Nashville	159½	139⅜	154¾	110	138½	121½	122	7
M								
Mo., Kansas & Texas	58	30½	65¾	27⅛	66⅝	32⅞	39⅞	2
Do Pfd.	109	101½	107½	93⅞	108⅜	98¼	100	7
Missouri Pacific	76¼	41⅞	101⅜	46	98½	57	†68	..
Do Pfd.	126⅞	105	149	105	145½	115⅝	122⅛	5
N								
New York Central	196½	156	256⅛	160	192¾	150⅜	163	8
N. Y., Chic. & St. Louis	146	121¼	192⅜	110	144	94	107⅛	6
N. Y., N. H. & Hartford	82¾	54⅜	132½	80⅞	128⅛	97¼	105¼	6
N. Y., Ontario & Western	39	24	32	8	17¼	8½	†10	..
Norfolk & Western	198⅛	175	290	191	265	213¼	†225¼	10
Northern Pacific	118	92⅜	118⅞	75⅛	97	66¾	74	5
P								
Pennsylvania	76⅞	61⅞	110	72½	86⅝	69⅞	75⅝	4
Pere Marquette	154	124⅞	260	140	164½	130	†128	8
Pittsburgh & W. Va.	163	121¼	148¾	90	121¾	90	†80½	6
R								
Reading	119⅝	94¼	147¾	101¼	141½	100	107	4
Do 1st Pfd.	46	41⅛	50	41⅛	50⅛	44⅛	†48⅞	2
Do 2nd Pfd.	59⅞	44	60¾	43⅝	57	47¾	†49	2
S								
St. Louis-San Fran.	122	109	133¾	101	118⅞	85½	88	8
St. Louis-Southwestern	124⅛	67½	115¾	50	76¾	52⅛	†66	..
Seaboard Air Lines	30½	11⅝	21¾	9⅛	12½	6	†6½	..
Do Pfd.	38	17	41⅜	16¼	28	16	†5	..
Southern Pacific	131¼	117⅝	157½	105	127	108	117¼	6
Southern Railway	165	139½	162⅛	109	136¾	85⅛	85¾	8
Do Pfd.	102¼	96⅝	100	93	101	90⅞	92¾	5
T								
Texas & Pacific	194⅝	99½	181	115	145	110	†111	5
U								
Union Pacific	224⅞	186½	297⅝	200	242¾	200	215⅛	10
Do Pfd.	87¼	82⅛	85½	80	86¾	82¼	86	4
W								
Wabash	96¼	51	81⅜	40	67⅜	30	32	..
Do Pfd. A	102	88½	104⅞	22	89¼	70	†72	5
Western Maryland	54¾	31¾	54	10	36	18⅝	23⅜	..
Do 2nd Pfd.	54⅞	33½	53½	14⅝	38	19	†23	..
Western Pacific	38½	28¼	41⅞	15	30¼	17	†19¼	..
Do Pfd.	62⅛	52½	67¾	37½	53⅛	38⅜	†39	..

INDUSTRIALS AND MISCELLANEOUS

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 7/30/30	Div'd $ Per Share
A								
Adams Express	425	195	34	20	37⅜	21⅞	26⅛	1.60
Air Reduction, Inc.	99⅝	59	223⅜	77	156⅜	103¼	113¼	3
Allegheny Corp.	..	..	56⅛	17	35¼	18	21⅛	..
Allied Chemical & Dye	252¾	146	354¾	197	343	232	259¾	6
Allis Chalmers Mfg.	200	115⅛	75½	35⅛	68	48⅛	57¼	3
Amer. Agricultural Chem. Pfd.	79⅞	55⅝	73¾	18	39	23	†28	..
Amer. Bank Note	159	74¾	157	65	97⅜	68	80	2
Amer. Brake Shoe & Fdy.	49⅛	39⅞	62	40⅛	54⅝	41⅜	44	2.40
American Can	177½	70½	184⅛	86	156½	108¼	129⅛	4
Amer. Car & Fdy.	111½	88¼	106⅛	75	82½	42	49⅛	6
Amer. & Foreign Power	85	22⅝	199½	50	101¾	56¼	73	..
American Ice	46⅜	28	54	29	41⅞	31	†34⅛	3
Amer. International Corp.	150	71	96¾	29½	55⅝	28¾	34	2
Amer. Mchy. & Fdry.	180	129½	279¾	142	284¾	180	190	7
Amer. Metal Co., Ltd.	63¾	39	81¾	31½	51½	30⅛	31⅝	3
Amer. Power & Lt.	95	62¼	175¾	64¼	119⅜	72¾	87	1
Amer. Radiator & S. S.	191½	130⅛	55⅜	28	39¾	23⅜	26½	1.50
Amer. Rolling Mill	..	..	144⅝	60	100⅞	48	53⅜	2
Amer. Smelting & Refining	293	169	130¼	62	79½	53	67	4
Amer. Steel Foundries	70⅝	50⅛	79⅞	35⅝	52¼	35⅛	39⅛	3
American Stores	..	..	514	120	53½	42½	†42¼	2

Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS — (*Continued*)

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 7/30/30	Div'd $ Per Share
Amer. Sugar Refining	93½	55	94¾	56	69⅞	47	†53¼	5
Amer. Tel. & Tel.	211	172	310½	193¼	274¼	200⅛	211	9
Amer. Tobacco Com	184⅜	152	232½	160	264¼	197	238	8
Amer. Type Founders	142¼	109⅞	181	115	141¾	113	†125	8
Amer. Water Works & Elec	76½	52	199	50	124⅞	78⅛	92	1
American Woolen	32⅜	14	27⅞	5⅞	20¼	7½	9½	..
Anaconda Copper Mining	120¼	54	140	67¼	81½	44½	49½	3.50
Armour of Ill. Cl A	28½	11¼	18⅝	5⅛	8⅞	4⅝	5	..
Arnold-Constable Corp.	51¾	35¼	40⅞	6¼	13¾	6	6⅞	..
Assoc. Dry Goods	75½	40¼	70¾	25	50½	28	33⅝	2.50
Atlantic, Gulf & W. I. S.S. Line	59⅞	37⅛	86⅞	32⅛	80⅜	49⅝	†56	4
Atlantic Refining	66½	50	77⅞	30	51⅜	30⅛	36⅜	..
Auburn Auto	..	..	85	40	263¾	91	122	4
B								
Baldwin Loco. Works	285	235	66⅝	15	38	19⅝	25	1.75
Barnsdall Corp. Cl. A	53	20	49⅛	20	34	20½	23	2
Beech Nut Packing	101¼	70⅜	101	45	70⅛	49⅜	55¼	3
Bendix Aviation	..	..	104⅜	25	57⅜	27⅝	32⅛	2
Best & Co.	102	53¾	60⅞	25	56¼	31⅛	45½	2
Bethlehem Steel Corp	86⅜	51⅞	140¾	78¼	110¼	75¾	80¼	6
Bohn Aluminum	..	..	136¾	37	69	28¼	35	3
Borden Company	187	152	100½	53	90⅜	60⅛	78	3
Borg-Warner	..	..	86⅞	26	50½	23⅝	29⅛	3
Briggs Mfg.	63⅝	21⅛	63⅛	8⅛	25⅜	13½	22⅞	..
Bucyrus-Erie Co.	48¾	24½	43¾	14	31⅞	19⅛	23	1
Burroughs Adding Mach	249	139	96⅞	29	51⅞	29¼	32	1
Byers & Co. (A. M.)	206¾	90½	192⅞	50	112⅜	66⅛	68⅝	..
C								
California Packing	82⅝	68½	84⅞	63½	77½	60¼	63	4
Calumet & Arizona Mining	133	89	136¾	73½	89⅞	48⅝	55	2
Calumet & Hecla	47⅜	20⅛	61⅞	25	33⅜	13	15½	1.50
Canada Dry Ginger Ale	86½	54⅞	98¾	45	75⅜	56	65	5
Case, J. I.	515	247	467	130	362¾	156½	183⅛	6
Caterpillar Tractor	..	..	61	50¼	79¾	54	62	3
Cerro de Pasco Copper	119	58½	120	52¼	65⅜	43⅛	51¼	6
Chesapeake Corp.	81⅞	62¾	92	42⅛	82½	51½	63	3
Childs Co.	64	37	75⅞	44¼	67⅝	49½	53¾	2.40
Chrysler Corp.	140½	54¾	135	26	43	24	29	3
Coca-Cola Co.	180½	127	154½	101	191⅜	133¼	177¾	6
Colorado Fuel & Iron	84½	52½	78½	27¾	77	36½	50¼	2
Columbian Carbon	134¾	79	344	105	199	108	133	6
Colum. Gas & Elec.	140⅞	89½	140	52	87	58⅛	62¾	2
Commercial Solvent	250¼	137⅞	63	20⅛	38	20¼	25¾	1
Commonwealth Southern	..	..	24¾	10	20¼	12⅝	14⅛	.60
Congoleum-Nairn, Inc.	31½	22	35¾	11	19¾	10⅛	12⅛	..
Consolidated Gas of N. Y.	170¼	74	183¼	80⅛	136⅞	95⅝	108¾	4
Continental Baking Cl. A	53½	26¼	90	25¼	52½	18½	23⅞	..
Continental Can, Inc.	128⅞	53	92	40⅛	71⅝	50⅛	60⅛	2.50
Continental Motors	20½	10	28⅝	6⅛	8¼	3¾	4	..
Continental Oil	..	..	47⅛	48	80½	18⅜	21	..
Corn Products Refining	94	64⅜	126⅜	70	111⅝	87½	94	3
Crucible Steel of Amer.	93	69¼	121¾	71	93⅝	70½	†77½	5
Cudahy Packing	78¼	54	67⅞	36	48	38⅛	39½	4
Curtiss Wright, Common	..	..	30⅛	6⅜	14⅞	6½	7⅜	..
Curtiss Wright, A.	..	..	37⅞	13¼	19¾	8⅝	9¾	..
D								
Davison Chemical	68¾	34⅜	69⅛	21¼	43⅝	24⅝	27½	..
Drug, Inc.	120⅛	80	126⅛	69	87⅜	67	75½	4
Du Pont de Nemours	503	310	231	80	145¼	95¾	111½	4
E								
Eastman Kodak Co.	194¼	163	264¾	150	255¼	175¾	205⅛	8
Eaton Axle & Spring	68⅛	26	76¾	18	37¼	19⅛	23½	3
Electric Auto Lite	136½	60	174	50	114⅞	55⅛	74	6
Elec. Power & Light	49⅜	28¾	86⅝	29⅛	103½	49¼	70½	1
Elec. Storage Battery	91⅛	69	104½	55	79¼	61½	†64½	5
Endicott-Johnson Corp.	85	74¾	83⅜	49¼	59⅝	44	†46	5
F								
Federal Light & Traction	71	42	109	60½	90¼	59⅝	†64	1.50
Fox Film Cl. A	119⅝	72	105⅝	19⅛	57⅜	16⅛	45¼	4
Freeport Texas Co.	109¼	43	54⅞	23¾	55½	37	43⅝	4
G								
General Amer. Tank Car	101	60⅞	123½	75	111⅞	78¼	86	4
General Asphalt	94⅞	68	94¾	42¼	71⅛	38⅝	45	4
General Electric	221½	124	403	168⅛	95⅜	60⅛	69¼	1.60
General Foods	..	..	81¾	35	61¼	46⅛	54¼	3
General Motors Corp.	224¾	130	91¾	33½	54¼	37½	45⅛	3
General Railway Signal	123⅝	84¼	126½	70	106⅞	75⅛	78¼	5
Gillette Safety Razor	123⅜	97⅛	143	80	106⅛	58	83⅛	5
Gold Dust Corp.	143¼	71	82	31½	47⅞	34½	39⅞	2.50
Goodrich Co. (B. F.)	109¼	86½	105¾	38¼	58½	22½	27½	4
Goodyear Tire & Rubber	140	45⅛	154½	60	96⅞	54⅞	62	5
Granby Consol. Min., Smlt. & Pr.	93	39⅛	102⅞	46¼	59⅞	18	24½	3
Great Western Sugar	38½	31	44	28	34½	20	†18⅞	1.40
Greene Cananea Copper	177¼	89⅜	200½	106	89	77	†62¼	3
Gulf States Steel	73⅞	51	79	42	80	37⅛	†43	4
H								
Hershey Chocolate	72½	30¾	143⅞	45	109	70	94⅝	5
Houston Oil of Texas	167	79	109	26	116⅞	52¼	82½	‡10%
Hudson Motor Car	99⅞	75	92½	38	62⅞	25⅜	33	5
Hupp Motor Car	84	29	82	18	26⅝	13	14	2
I								
Inland Steel	80	46	113	71	98	68	†77⅞	4
Inspiration Consol. Copper	48⅞	18	66¾	22	30⅞	12½	16	2
Inter. Business Machines	166⅜	114	225	109	197½	152⅛	175¼	6
Inter. Cement	94⅞	56	102¾	48	75⅜	55¾	†56	4
Inter. Harvester	97⅞	80	142	65	115¾	76	81¼	2.50
Inter. Nickel	269½	73⅝	72¾	25	44⅜	21	23¼	1
Inter. Paper & Power "A"	86⅜	50	112	57	31⅛	17	21	2.40
Inter. Tel. & Tel.	201	139⅛	149¼	53	77⅜	40⅛	45⅝	2
J								
Jewel Tea	179	77¾	84½	45	66½	43	48	3
Johns-Manville	202	96¼	242¾	90	148⅜	70	83⅛	3
K								
Kennecott Copper	156	80⅛	104⅞	49⅝	62¾	37½	39	3
Kresge Co. (S. S.)	91¾	65	57⅛	28	36¾	26¼	28⅛	1.60
Kroger Grocery & Baking	132¼	73¼	122⅛	38¼	48⅛	21	25⅛	1

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS — (Continued)

	1928		1929		1930		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	7/30/30	Share
L								
Lambert Co.	136⅝	79½	157¼	80⅛	113	76½	90	8
Lehn & Fink	64⅞	38	68½	28	36	22¼	29⅝	3
Liggett & Myers Tob.	122½	83½	106	80¼	114⅞	85	93½	4
Loew's Inc.	77	49½	84½	32	95¾	42⅛	70½	3
Loose-Wiles Biscuit	88¾	44¼	88⅝	39⅛	70¼	50½	59⅝	2.60
Lorillard	46⅞	23¾	31½	14¼	28⅛	16⅛	22	..
M								
Mack Truck, Inc.	110	83	114⅞	55⅛	88½	46¼	56½	6
Macy (R. H.)	187⅞	134	255½	110	159¼	109	119¼	2
Magma Copper	75	43¾	82½	35	52½	28¾	†31	4
Mathieson Alkali	190	117⅞	72⅝	29	51⅜	32⅝	37½	2
May Dept. Stores	113½	75	108½	45½	61⅞	40½	42¾	2
McKeesport Tin Plate	78⅞	62½	82	54	89½	61	81¼	4
Mont. Ward & Co.	156½	115¼	156⅞	42⅝	49⅞	31	35¼	3
Murray Corp.	124¼	21½	100⅞	14⅞	25¼	12½	17	‡2%
N								
Nash Motor Co.	112	80¼	118⅞	40	58½	30⅛	35⅜	4
National Biscuit	195¼	159½	236¾	140	93	71	84¾	2.80
National Cash Register A	104⅞	47¼	148¾	59	83½	42⅝	44	3
National Dairy Prod.	133½	64½	86½	36	62	45¼	51⅝	2
National Lead	136	115	310	129¼	189½	125	†126	5
National Power & Light	46⅝	21⅞	71¾	23	58¾	32	45¼	1
Nevada Consol. Copper	42⅝	17¾	62⅞	23¼	32¾	15½	16½	1
North American Co.	97	58⅝	186¾	66½	132⅞	87½	99⅝	‡10%
O								
Otis Elevator	255½	147½	55	22¼	80⅝	55	64	2.50
Otis Steel	40½	10½	55	22¼	38⅞	25	†26	2.50
P								
Pacific Gas & Electric	56½	43½	98¾	42	74⅞	52⅛	57¼	2
Pacific Lighting	85⅝	60	146½	58⅛	107⅞	72	80	3
Packard Motor Car	163	56¼	32½	13	23⅜	12½	14⅝	1
Paramount Publix	56⅝	47¼	75½	35	77¼	48⅝	58⅝	4
Penney (J. C.)	..	..	105¼	66	80	48	53	3
Phillips Petroleum	53⅞	35¼	47	24¼	44¾	29⅛	33	2
Prairie Oil & Gas	66⅝	59½	65⅝	40½	54	35⅝	36⅞	2
Prairie Pipe Line	..	..	65	45	60	44⅛	†45¾	3
Public Service of N. J.	88½	41½	137¾	54	123¾	81½	92½	3.40
Pullman, Inc.	94	77⅞	99¼	73	89⅜	62	69	4
Pure Oil	31¼	19	30⅜	20	27¼	19⅛	21⅝	1.50
Purity Bakeries	139⅝	75	148⅝	55	88⅞	52	61⅞	4
R								
Radio Corp. of America	420	85¼	114¾	26	69⅞	32½	41⅞	..
Remington-Rand	36½	23½	57⅞	20⅝	46½	23	28	1.60
Republic Steel	..	..	..	..	79½	37¼	45	4
Reynolds (R. J.) Tob. Cl. B	165½	126	66	39	58⅝	45¼	50⅜	3
Richfield Oil of Calif	56	23½	49⅝	20	28¼	14¾	17½	2
Royal Dutch	64	44⅝	64	43½	56½	49⅛	51⅝	3.75
S								
Safeway Stores	201¾	171	195¼	90¼	122⅝	58½	59⅜	5
Schulte Retail Stores	67½	35¾	41½	3½	13½	4¼	6½	..
Sears, Roebuck & Co	197½	82½	181	80	100⅝	59⅝	64¼	2.50
Shell Union Oil	39⅝	23¼	31¾	19	25½	18	19	1.40
Simmons Co.	101⅝	55¾	188	59⅛	94⅞	21	25⅛	..
Sinclair Consol. Oil Corp.	46⅝	17⅝	45	21	32	20	23¾	2
Skelly Oil Corp.	42⅝	25	46½	28	42	28½	29½	2
Standard Brands	..	..	44¾	20	29¼	17	20¼	1.50
Standard Gas & Elec. Co.	84⅝	57⅞	243¾	73½	129¼	84½	96¾	3.50
Standard Oil of Calif.	80	53	81⅞	51⅛	75	55½	62	2.50
Standard Oil of N. J.	59⅝	37¾	83	48	84⅞	58	72	1
Standard Oil of N. Y.	45½	28¾	48⅛	31⅜	40⅝	30	32	1.60
Sterling Securities, A	..	..	38	8¼	20½	9⅝	11¾	..
Stewart-Warner Speedometer	128½	77¼	77	30	47	19⅛	26	2
Stone & Webster	..	..	201½	64	113⅜	70½	83	4
Studebaker Corp.	87½	57	98	38¼	47¼	25¼	31	3
T								
Texas Corp.	74¾	50	71⅞	50	60½	50⅛	52¼	3
Texas Gulf Sulphur	82½	62½	85¼	42½	67⅜	48⅛	58	4
Texas Pacific Coal & Oil	26⅝	12½	23⅞	9⅛	14½	8¼	9⅛	..
Tide Water Assoc. Oil	25	14¾	23½	10	17¾	10⅜	14	.60
Timken Roller Bearing	154	112⅝	139⅝	58½	89¼	55½	64¾	3
Transcontinental Oil	14½	6⅜	15⅛	5⅛	24	16¼	18¼	.30
U								
Underwood-Elliott-Fisher	93⅞	63	181⅞	83	133	83	94	5
Union Carbide & Carbon	209	136½	140	59	106⅜	60½	71¾	2.60
United Aircraft & Trans.	..	..	169	31	99	43½	58	..
United Cigar Stores	34⅝	22⅞	27½	3	8½	6⅛	6⅜	..
United Corp.	..	..	75½	19	52	28⅝	33¼	.50
United Fruit	148	131½	158¼	99	105	83	89⅞	4
United Gas Imp.	..	..	59⅝	22	49⅜	31¼	35¾	1.20
U. S. Pipe & Fdy.	53	38	243⅝	95	38¼	18½	33⅛	2
U. S. Industrial Alcohol	138	102½	55⅞	12	139⅜	62	62¾	6
U. S. Realty	93⅝	61¼	119⅛	50¼	75½	48¼	54	5
U. S. Rubber	63¼	27	65	15	35	20	21¾	..
U. S. Smelting, Ref. & Mining	71½	39½	72⅞	29⅞	36½	17½	20	1
U. S. Steel Corp.	172½	132⅝	261¾	150	198¾	151⅝	164⅛	7
V								
Vanadium Corp.	111½	60	116½	37½	143¼	49⅞	96⅝	3
W								
Warner Brothers Pictures	139¼	80⅞	64½	30	80¼	36	36½	4
Western Union Tel.	201	139½	272¼	155	219⅜	150¾	168	8
Westinghouse Air Brake	57⅞	42½	67¾	26½	52	36⅝	38	2
Westinghouse Elec. & Mfg.	144	88½	292⅝	100	201½	124¼	142⅞	5
White Motor	43⅝	30¼	53½	27¼	43	27⅛	31½	2
Willys-Overland	33	17¾	35	5¼	11	5⅜	6⅜	..
Woolworth Co. (F. W.)	225⅝	175½	103⅜	52¼	72⅜	51⅝	59⅝	2.40
Worthington Pump & Mach.	55	28	137⅝	43	169	67¼	124½	..
Y								
Youngstown Sheet & Tube	118⅝	83½	148	91	180¼	108	112	5

† Bid Price. ‡ Payable in Stock.

Securities Analyzed, Rated and Mentioned in This Issue

Important Dividend Announcements

NOTE—To obtain a dividend directly from the company, the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$3.00	Allis-Chalmers Mfg....	$0.75	Q	7-24	8-15
4.00	American Can	1.00	Q	7-31	8-15
2.50	American Lgt. & Trac.	0.62½	Init.	7-17	8-1
8.00	American Tobacco	2.00	Q	8-9	9-2
Extra	American Tobacco	4.00	—	8-9	9-2
1.00	American Water Wks. & Elec.	1.00	Q	7-25	8-15
3.50	Anaconda Copper	0.87½	Q	7-12	8-18
10.00	Atch. Top. & Santa Fe..	2.50	Q	7-25	9-2
7.00	Baltimore & Ohio......	1.75	Q	7-19	9-2
6.00	Bethlehem Steel	1.50	Q	7-18	8-15
3.00	Borden Co.	0.75	Q	8-15	9-2
3.00	Caterpillar Tractor	0.75	Q	8-15	8-31
Extra	Caterpillar Tractor ..	0.25	—	8-15	8-31
7%	Childs Co. preferred...	1¾%	Q	8-22	9-10
—	Chids Co. no par com..	0.60	—	8-22	9-10
6.00	Coca-Cola	1.50	Q	9-12	10-1
2.00	Columbia Gas & Elc....	0.50	Q	7-19	8-15
2.50	Continental Can	0.62½	Q	8-1	8-15
5.00	Electric Storage Battery	1.25	Q	9-9	10-1
5.00	Gillette Safety Razor..	1.25	Q	8-1	9-2
5.00	Hershey Chocolate	1.25	Q	7-25	8-15
4.00	Inland Steel	1.00	Q	8-15	9-1
6.00	Int'l Business Mach....	1.50	Q	9-22	10-1
4.00	Liggett & Myers Tob...	1.00	Q	8-15	9-1
6.50	Loew's Inc. cum. pref.	1.62½	Q	7-31	8-15
2.00	Mengel Co. common....	0.50	Q	8-30	10-1
7%	Mengel Co. preferred capital	1¾%	Q	8-15	9-1
2.00	Mid-Continent Pet......	0.50	Q	7-15	8-15
4.00	Miss. Kan. & Texas R.R.	1.00	Q	9-5	9-30
3.00	Montgomery Ward	0.75	Q	7-15	8-15
2.80	National Biscuit	0.70	Q	9-19	10-15
5.00	National Supply	1.25	Q	8-5	8-15
6.00	N. Y., N. H. & Hart. R.R.	1.50	Q	9-5	10-1
3.00	Pacific Lighting	0.75	Q	7-31	8-15
4.00	Pennsylvania R.R.	1.00	Q	8-1	8-30
2.40	Procter & Gamble	0.60	Q	7-25	8-15
3.40	Public Service of N. J..	0.85	Q	9-2	9-30
4.00	Pullman, Inc.	1.00	Q	7-24	8-15
4.00	Purity Bakeries	1.00	Q	8-15	9-1
2.50	Standard Oil of Cal...	0.62½	Q	8-15	9-15
2.00	Stewart Warner	0.50	Q	8-5	8-15
3.00	Studebaker Corp.........	0.75	Q	8-9	9-2
0.50	United Corp.	0.50	Init.	8-25	10-1
7.00	United States Steel.....	1.75	Q	8-30	9-29
5.00	U. S. Realty & Imp...	1.25	Q	8-14	9-15

E. I. Du Pont De Nemours & Company

(*Continued from page 617*)

fining and General Electric belong. It may be expected to sell on a lower yield basis and on a higher price-earnings basis than the rank and file of industrial stocks.

Du Pont common stock is an investment in America, managed by one of the most successful families of capitalists which have figured in our great industrial development of the late Nineteenth and Twentieth centuries. Partnership with men of this type in a great corporation of this kind does not need to be commended to the more successful type of American investor.

Aluminum Co. of America

(*Continued from page 619*)

seven shares of new 6% cumulative preferred stock of $100 par. Later in the same year, the $5 par common was changed to its present no par value status.

As now constituted, capitalization is made up of $40,205,000 funded debt, followed by $147,262,500 cumulative 6% preferred and 1,472,625 shares of common stock. Dividends were paid on the old common shares at varying rates, but without a break, from 1906 to 1925. Payments have not been resumed since the recapitalization in July, 1925.

This suspension of dividends, however, reflects ultra-conservatism on the part of the management and not a default in earning power. On the contrary, gross and net income have continued to expand, growth being especially pronounced in late years. Thus, while net averaged 9.84 million dollars for the period 1915 through 1924, a balance of 15.11 million dollars was shown for 1927, equivalent to $3.27 a share for the common. Last year, these figures had risen respectively to 25.32 millions and $11.18 compared with 19.28 millions and $7.08 a common share in 1928.

Apparently, the company has elected to divert surplus earnings back into its business in order to still further strengthen its position. In 1929, for example, its budget of expenditures totaled 33 million dollars of which 18 millions were unexpended and carried over into the current year. For 1930, the company set aside 50 million dollars, 12 millions for power developments required in the production of pig aluminum, five millions for additional manufacturing facilities and 15 millions for expansion of plants fabricating aluminum and strong alloys of aluminum.

It is hardly to be anticipated that net profits for 1930 will equal those of 1929, owing to the lower average scale of activities in practically all industries consuming the company's products. It may be assumed, however, that the retention of surplus earnings, as above outlined, should result in materially enhancing stockholders' equities and produce satisfactory returns in due course.

Since the company has followed a policy of writing off development costs at a high rate, it is probable that published earnings may not give a wholly adequate measure of actual earning capacity. This same sort of conservatism appears in respect to balance sheet valuations, as indicated by the fact that plant account is carried at 112.97 million dollars, as of December 31st, last, after deducting reserves of 59.03 millions, or more than 34% of the gross value. Working capital seems ample for the requirements of the company's expanding business, current assets of 66.29 million dollars being roughly five times the 13.28 millions of current liabilities.

Considering the exceptional price stability of the company's product and the prospective further enlargement of demand over the long term, the common stock, at current levels around 250, appears an inherently strong security. To some degree, the shares have a scarcity value, since they are rather closely held, a factor partially accounting for the persistently high ratio of market price to current earnings and occasional wide market movements. The stock, essentially, is a "blue chip" issue but for investors willing to forego immediate income return, it may well be rated an attractive equity in an exceptional company, well fortified by national and trade advantages.

Important Corp. Meetings

Company	Specification	Date of Meeting
Air Reduction	Directors	8-13
Amer. International	Directors	8.14
Armour & Co.	Dividend	8-15
Best & Co.	Dividend	8-12
Case (J. I.) & Co.	Directors	8-14
Continental Can	Directors	8-13
Eastman Kodak	Dividend	8-13
General Mills	Annual	8-12
Kennecott Copper	Directors	8-18
N. Y. N. H. & Hart. RR.	Directors	8-12
N. Y. Central RR.	Directors	8-13
Ohio Oil	Special	8-14
Pullman, Inc.	Directors	8-13
Shell Union Oil	Directors	8-13
Sinclair Cons. Oil	Dividend	8-13
Underwood-Elliott-Fisher	Dividend	8-14
U. S. Gypsum	Dividend	8-13
Western Union Teleg.	Directors	8-12
Willys Overland	Directors	8-18

National Dairy Products

(*Continued from page 614*)

were earned approximately 6½ times.

The Debenture 5¼s constitute the sole funded indebtedness of the corporation in the hands of the public with the exception of a small amount ($620,119.80) of subsidiary debt. Following the bonds is a large market equity in preferred and common stocks. Specifically there are 66,804 shares of 7% Class A Preferred stock, 49,950 shares of 7% Class B Preferred stock and 5,868,314 shares of no par common stock, and taking current quotations for the common stock and par value of $100 for the preferred issues, there is a total market equity of $304,969,700 following the 5¼% debenture bonds.

Although an unsecured obligation of the company, the bonds are protected by a provision in the indenture that no mortgage may be placed on the property unless the 5¼% debentures are ratably secured. Additional bonds may be issued in series for refunding purposes and for extensions and renewals if consolidated net earnings after deduction of interest charges and after preferred dividend charges for 12 consecutive months in the preceding 15 shall have been four times aggregate annual interest requirements on total debt, outstanding and proposed.

Another feature is the sinking fund, which stipulates that there be set aside semi-annually an amount sufficient to retire 1½% of the total greatest principal amount of the debentures outstanding by purchase or call at the redemption price. Until February 1st, 1934, the bonds are redeemable on 30 days' notice at 103½ and interest, and at fractionally lower prices thereafter. Considered from all angles, the bond represents an attractive investment offering a liberal yield at current prices.

Trade Tendencies

(*Continued from page 624*)

point in the current recession of the industry.

Taking into consideration, the extent to which the principal steel-consuming industries were forced to curtail their purchases, the average level of steel production has been quite satisfactory. In this respect the industry was succored by the substantial volume of pipe and structural requirements. Moreover, the demand from these sources

MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 30 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Saturday, July 19	87.41	236.65	135.25	204.06	201.21	871,570
Monday, July 21	87.24	229.29	133.61	201.31	196.28	1,947,070
Tuesday, July 22	87.35	234.30	133.92	200.36	195.77	2,080,740
Wednesday, July 23	87.50	239.33	134.58	204.51	200.62	2,526,850
Thursday, July 24	87.57	235.51	134.15	203.87	200.44	1,475,240
Friday, July 25	87.63	237.48	133.85	202.91	199.69	1,356,170
Saturday, July 26	87.69	240.31	134.06	204.54	202.16	994,230
Monday, July 28	87.79	240.81	134.38	207.12	203.76	2,425,240
Tuesday, July 29	87.79	238.40	132.49	205.96	202.05	1,849,580
Wednesday, July 30	87.88	231.06	131.55	204.25	197.73	2,507,280
Thursday, July 31	87.81	233.99	130.95	200.47	196.24	2,162,770
Friday, August 1	87.77	232.57	130.77	200.38	197.71	1,090,210

bids fair to be sustained throughout the balance of the year. A number of large orders for agricultural equipment have been recently placed and the leading manufacturer is planning a substantial increase in production, which will doubtlessly be reflected in the aggregate volume of steel orders. Demand for residential and industrial structural purposes, however, continues disappointing and railroads are showing little disposition to place new orders for rolling stock.

In the face of steadily declining prices, it is not surprising that the steel industry has found hand-to-mouth buying tactics very much in evidence, with consumers generally maintaining inventories at a minimum level and evincing decided reluctance to enter the market until definitely assured that the decline has been arrested. Prices continue to show considerable irregularity but downward revisions have become less pronounced and should no weakness of importance develop during the next few weeks, the effect, psychologically at least, should be distinctly favorable.

Answers to Inquiries

(*Please turn to page 626*)

However, longer term outlook is highly satisfactory and in view of its strong financial position, capable management and excellent sponsorship, the company's shares merit attraction as an investment commitment for holding over a period of years. We therefore suggest further retention at this time.

KROGER GROCERY & BAKING CO.

Under 30 does Kroger common offer outstanding profit possibilities over a moderately long pull? I know this stock was almost a gold mine for many prior to the October, 1929, collapse. Why is it selling at such low levels now? Has it expanded too rapidly in recent years?—E. S. J., Stamford, Conn.

Earnings of the Kroger Grocery & Baking Co. for 1929, as revised, totaled $5,917,097, or a reduction of $458,692 from the original report. The net per share was $3.25, as against $3.54 originally reported and $3.21 earned in 1928. The revision was made by the new management, which also eliminated $760,000 from earned surplus and set up a reserve of $500,000 to cover any errors that may have been reported in previous years. The former head of the company, in reference to the 1929 financial report, said that the reduction was chiefly because

certain income was credited to operating earnings which should have been added to capital. While a report for for the first quarter of the current year is not available, an official of the company stated that earnings were small, but that they only reflect the drop in commodity prices and unemployment conditions in the territory served by the company. While the report for the full year 1930 is not expected to be entirely favorable, it is felt that better coordination of the company's facilities over the longer term will ultimately place the stock back on its former high plane. Several factors have combined to depress the stock, the most important of which probably are the change in management and resultant revision of earnings and the business recession. In view of these conditions, we do not favor purchase at this time, although its good past record gives weight to the belief that longer term commitments may be held.

PARAMOUNT PUBLIX CORP.

In January I bought 25 shares of Paramount at 52. Would you advise taking the profit I still have at current levels? Is Paramount likely to have a slump in price similar to that recently sustained by Warner Brothers common? This is what I am afraid of.—J. E. M., Englewood, N. J.

Paramount Publix Corp. is one of the outstanding companies engaged in the production, distribution and exhibiting of motion pictures. It has constantly expanded and improved its facilities and now operates a chain of 1,400 theatres, which assures an outlet for its features. Activities also extend to the legitimate theatre, and through a half interest in the Columbia Broadcasting System, radio business and publicity is secured. Contrary to general forecasts, earnings for the initial half of the current year established new record levels, according to official estimates. Consolidated net income for the six months ended June 28th, last, has been estimated at $8,434,000, an increase of 65% over that of $5,130,000 reported for the corresponding period of last year. Giving effect to the issuance of additional shares, during the year, per share earnings for the initial half of 1930 amount to $2.98 against $2.31 for the first half of 1929. Moreover, full 1930 year earnings bid fair to surpass those of 1929, thereby establishing the highest record in the company's history. Financial position at the close of last year was highly satisfactory, current assets amounting to $37,053,395 as compared with current liabilities of $14,960,683, leaving net working capital of $22,092,712. In view of its dominant position in the industry and excellent management, the longer term outlook is favorable. Upon these factors is predicated the opinion that the company's shares offer an attractive medium for profits over a reasonable period of time.

GENERAL MILLS, INC.

General Mills common has been recommended to me for semi-investment by a conservative house as a potential leader in the market advance predicted for this Fall. Would you recommend its purchase under 50?—D. F. J., Sandusky, Ohio.

While the fiscal year of General Mills, Inc., which ended May 31st, 1930, included seven generally unsatisfactory business months, the net income for the period exceeded that for the 1928-1929 fiscal period. In the year ended May 31st, 1929, the company earned $4,154,786, or the equivalent of $4.57 per share on 675,096 shares outstanding and $4,609,786 or $4.83 a share was reported on 673,444 shares for the current fiscal year. The present outlook for General Mills is reported to be highly favorable and the export flour end of the business is said to be in better shape than for some time. Flour milling companies have adopted a system of protection from losses due to wide fluctuations in prices of wheat. The process, known as "hedging," enables General Mills to protect itself by buying wheat at the time flour is sold, thus offsetting any losses due to violent price changes. The later balance sheet shows an improved financial position and a reduction of more than $2,000,000 in inventories, an important factor. The company is the largest flour milling unit in the world, and, in addition, is an important producer of cattle and poultry feeds and cereals. Since the annual dividend of $3 a share is being earned by a fair margin, we would not be opposed to a commitment under 50 for holding over a period of a year or more, provided you are willing to assume a reasonable degree of risk.

KENNECOTT COPPER CORP.

Has the present market price of around 40 for Kennecott discounted the worst in your opinion? My holdings consist of 20 shares at 81 bought last October. What is your counsel—sell, hold or average?—E. P. H., Worcester, Mass.

The copper industry is feeling the effects of depressed business conditions, and while sales for May established a new record for that month, the demand for copper has again fallen off. Very little of this year's copper has been sold at the high prices which prevailed for the greater part of 1929. As a matter of fact, the original reduction to 14 cents, failed to stimulate sales, and not until prices for copper had reached levels between 11 cents and 12 cents a pound was there any noticeable improvement in buying. With these facts in mind, earnings of copper companies for the first half of the current year will no doubt register marked declines from those recorded for the initial half of 1929. Kennecott Copper Corp. is no exception. However, this company, with its subsidiaries, representing a completely integrated unit in the industry, is the largest copper producer in the world, and as such, is well able to withstand present depressed conditions. Anticipating the marked contraction of earnings during the current year, the management deemed it necessary to revise former dividend rate of $5 a share to $3 a share and recently this was reduced to $1.50. Despite the fact that earnings for full 1930 year will make a rather poor comparison to the $6.10 reported for 1929, we are of the belief that current year results will cover the present rate by a fair margin. Moreover, strong financial position and capable management assure the continuance of conservative policies. Present levels for its shares appear to have discounted the unfavorable aspects of the situation as we see them at the present time and in this light, we counsel further retention. Fresh purchases, however, should be deferred, pending definite indications of a change for the better in the industry generally.

AMERICAN METAL CO., LTD

What is the nearby outlook for American Metal common? Is the $3 dividend secure? I have 100 shares at 47. Has the time come to average with the stock now selling around 34?—E. M., F., Santa Barbara, Calif.

The American Metal Co., Ltd., is engaged, through subsidiaries in every branch of the metal industry, but its chief source of income is from the smelting and refining of custom ores on toll. For this reason, the company's earnings in the first three months of the current year showed an increase when most metal companies issued relatively poor reports. Per share results in the first quarter of the current year were 77 cents on 868,185 shares, as compared with 92 cents on 841,194 common shares in the corresponding quarter of 1929. The company mines, smelts, refines and markets copper, zinc, lead, gold and silver. While copper production does not account for any great part of earnings as yet, the company's large investments in South Africa copper mines should yield good profits in the future. Commercial production in these properties

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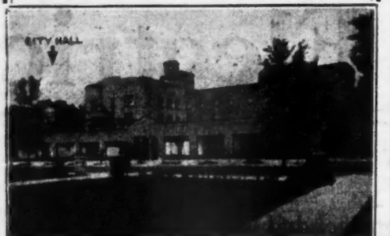

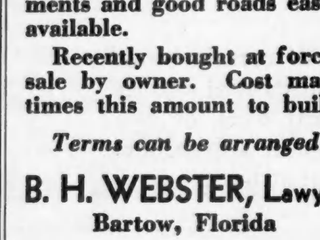

should be under way early next year and American Metal then is expected to benefit through dividends received, refining of ore on toll and marketing on commission. The annual dividend of $3 a share has been reduced to $1.50. Pending definite indications of improvement in the metal industry, therefore, we do not favor averaging, but suggest that you hold present commitments for the longer term. However, we point out that near term price appreciation is not in prospect.

S. H. KRESS & CO.

I would appreciate your analysis of S. H. Kress common for I know it will be an unbiased one. Is the annual dividend likely to be increased? In anticipation of this development shall I average now? I hold 25 shares at 69.—D. J. W., Greensboro, N. C.

Despite the general unsettlement in business this year, sales of S. H. Kress & Co., for the first half of the current year have shown a gain of 5.4%, which compares favorably with a sales gain of 5.26% for the full year 1929. The company has reported sales increases in each of the past eight years and earnings have followed a similar trend. The net income for 1929 was equivalent to $5.89 a share on 975,783 shares, as against $5.70 a share in the previous year on a smaller capitalization, and $5.17 in 1927. However, profit margins have become smaller, 8.52 cents being earned on each dollar of sales in 1929, with a smaller proportion looked for this year as a result of unsettled business conditions and the agitation against the chain store methods in the Southwest. The company is in a strong financial position, having followed a policy of ploughing earnings back into the business to finance expansion. A strong cash position has been built up, with an ample supply on hand to carry on the expansion program, and an increase in the regular annual disbursement of $1 a share would seem to be a logical step in the not too distant future. The recent declaration of an extra payment of 50 cents in special preferred stock was interpreted by those close to the company as an indication of a more liberal dividend policy. However, pending definite indication of the intention of the directors to be more liberal with stockholders, we would not advise averaging, but would hold longer term commitments.

CONTINENTAL INSURANCE CO.

Do you think the price of Continental Insurance common will reflect any improvement in general market conditions because of its large investment portfolio? Is it advisable to average under 60? Since March I have been holding 50 shares at 74.—L. T. O., Lancaster, Pa.

One of the features of the Continental Insurance Co., which was founded in 1853 and has a non-interrupted dividend record dating from that time, is the hidden assets which do not appear in the balance sheet. Included among these are stock of the Fidelity Casualty Co. of New York, Niagara Fire Insurance Co. and a 50% equity in the Fire Companies Building Corp., which controls American Eagle Fire Insurance. Valuable real estate holdings are carried on the books at a valuation of $1,766,476, a figure considered to be far below actual worth. The statement of Continental Insurance as of July 1st, 1930, showed $94,425,623 out of total assets of $102,785,381 invested in stocks and bonds. Total assets of $97,379,523 a year earlier included $87,791,854 in bonds and stocks. Holdings include large blocks of railroads, public utility, industrial and bank issues, with about 75% of the total investments in preferred and junior issues. Since the company's holdings are well diversified, the common stocks should reflect any improvement in market conditions. While the stock is not particularly cheap in relation to gains made in 1929, its hidden assets and the excellent record of the company give it long term merit. Provided it is your intention to hold for a period of a year or more, we would lend our endorsement to additional commitments under 60.

LAMBERT CO.

With a yield of close to 9%, Lambert appeals to me at its current market price. Do you regard it as a buy under 95? Is the $8 dividend safe? What are the nearby prospects for this stock?—G. E. L., Lansing, Mich.

Lambert Co., a holding organization, owns 95.8% of stock of Lambert Pharmacal Co., manufacturer of germicidal products, and all of the stock of Lambert & Feasley, Inc., advertising specialists. In February of this year it acquired, through an exchange of stock, Pro-phy-lac-tic Brush Co., tooth brush manufacturers, thus broadening its scope of operations. Through constant advertising and concentrated sales efforts, the company's products have been afforded wide distribution. Sales of "Listerine" have expanded rapidly in recent years, although volume during the initial half of current year was under that of the first six months of 1929. For the first time in the company's history, a decline in net income was reported, per share earnings for the six months ended June

New York Curb Exchange

IMPORTANT ISSUES

Quotations as of July 31st, 1930

Name and Dividend	1930 Price Range High	1930 Price Range Low	Recent Price
Aluminum Co. of Amer.	356	210	†245
Aluminum Pfd. (6)	109⅛	105⅛	†108⅝
Amer. Cyanamid "B" (1.60)	37	17⅜	22
Amer. Gas Elec. (1)	157	104	140
Am. Lt. & Traction (2½)	89¼	52⅞	62½
Amer. Superpower (1)	39½	20⅝	23¾
Assoc. Gas Elec. "A" (2.40)	46⅛	30⅛	32½
Central States Elec. (.40)	39¾	19	24
Cities Service (.30)	44¼	24⅛	28½
Cities Service Pfd. (6)	93⅞	88	90⅝
Cleveland El. Ill. (1.60)	93	50⅛	†57
Columbia Pictures	55⅞	24	†39
Cons. Gas of Balt. (3.60)	136⅞	90¼	115
Consolidated Laundries	16	10	13⅝
Cosden Oil	74¾	32	44⅛
Deere & Co. (new) (1.20)	162⅝	78	78
Durant Motors	7	2⅜	3
Elec. Bond Share (Stk. 6%)	117⅞	70¼	82¾
Ford Mot. of Canada A (1½)	38⅛	28	32
Ford Motor of France (.28)	12¾	6⅛	10¾
Ford Motors, Ltd. (.32½)	19⅞	10¼	18⅛
Fox Theatre A	17⅜	2⅛	9¾
General Baking	4⅜	2⅝	2⅝
General Baking Pfd.	54⅛	27	†32
Gen. El. Ltd. rcts, Eng. (.50)	14	10¾	†11¾
Goldman Sachs T.	46¾	18	18¼
Gulf Oil (1.50)	166⅞	117⅛	124⅞
Hecla Mining (1)	14	8¾	†8¾
Humble Oil (2)	119	78	88⅝
Hygrade Food Products	15	8½	12½
Insull Util. Invest. Inc. (Stk. 9%)	71	53⅝	60⅝

Name and Dividend	1930 Price Range High	1930 Price Range Low	Recent Price
Insur. Securities Inc. (1.40)	23	15⅝	16⅛
Internat. Pet. (1.00)	24	17⅝	19
International Utilities B	19⅛	8⅞	12¾
Lefcourt Realty (1.60)	25⅛	13¾	†14
Lion Oil Refining (2.00)	29	18⅝	19½
Lone Star Gas (new) (1.00)	55⅝	34⅛	39
Metro Chain Stores	30	5	6
Mid. West Util. (Stk. 8%)	38	25¾	29⅞
Mountain Producers (1.60)	12⅛	8	9⅝
National Fuel Gas (1)	41⅝	25⅛	30⅝
New Jersey Zinc (2)	91½	65¼	67
New Mex. & Arizona Land	7¼	3⅛	3⅝
Newmont (4)	141⅞	79	87⅛
Niagara Hudson Power (.40)	24⅛	15⅝	16¾
North. States Power "A" (8)	183½	130	150½
Novadel-Agene (2)	34⅞	22⅝	30⅛
Ohio Oil (2)	76⅝	62⅛	65
Pennroad Corp. (.20)	16⅛	10⅛	11¾
Pittsburgh & Lake Erie (5)	130	106	116
Safety Car & Heat. (8)	147	109¼	110
Salt Creek Producers (2)	15¼	8¼	11
Standard Oil of Ind. (2½)	59⅞	47⅝	50¾
Transcontinental Air Trans.	10⅞	5⅞	8¼
Trans Lux	13⅛	4¼	9¼
United Lt. & Pow. A (1.00)	56	27⅛	41⅞
United Lt. & Pow. cv. Pfd. (6)	119⅜	97⅛	110
U. S. Gypsum (1.60)	58	36⅛	41½
Utility & Indus. Corp.	23¾	12⅛	14½
Utility Pow. & Lt. (1)	28	14⅛	17⅝
Vacuum Oil (4)	97⅞	76⅛	86

† Bid Price.

30th, last, amounting to $5.02 on 748,996 shares, as compared with $5.08 for the corresponding period of last year. Nevertheless, earnings should be augmented by its recent acquisitions and larger advertising budget, with the result that, while net income may fall short of the $10.04 per share reported for the calendar year of 1929, present dividend rate of $8 a share is reasonably secure for the balance of 1930. Financial position at the close of last year was excellent, net working capital amounting to $4,005,192, as compared to $3,121,018 on December 31st, 1928. Although we do not anticipate any marked enhancement in quoted values for the shares during the immediate future, the issue appears reasonably priced in relation to present dividend and anticipated full year earnings. Increasing competition in its line, however, tends to inject a measure of speculative risk into the situation, which detracts from the investment calibre of the issue.

Are Bank Stocks in the Buying Zone?

(*Continued from page* 603)

officials of recently consolidated institutions more efficiently to integrate the activities and personnel of the former units. The economies that are looked for in the operation of some of the newly created "giant banks" will be drawn out over a considerable period of time and quite possibly will continue to represent a real but inestimable factor in earnings reports of twelve to eighteen months ahead.

American banking is standing at the cross-roads of unit banking, chain banking and group banking. Banking sentiment in Wall Street and other financial centers of the country is just about as evenly divided on this subject as is political sentiment at Washington. Possibly the rest of the year will pass before sentiment crystallizes in banking circles or before any steps at legislative changes are effected. During this lull, the most noticeable tendencies along the direction of concentration of banking resources will take the form of extensions of certain well defined group banking projects. Should the legislative brakes be taken off chain banking, however, even the most articulate opponents of the idea will be prepared to engage in the competitive race for desirable acquisitions on a nation-wide basis.

Obviously, with negotiations on the basis of exchanging shares, such activities would revive speculative interest in the bank stock market—perhaps to heights that have not as yet been witnessed. In the meantime, the investor has a real opportunity to meet

his requirements in a quiet market offering deflated and, in individual cases attractive, price levels. But the investor must not lose sight of the fact that even at their current levels, the best bank stocks are discounting their inherent future growth, accordingly they are suitable investments only for more or less permanent retention—as indeed they always have been.

The World Has Gold Enough

(Continued from page 597)

being made in South Africa. In a recent pamphlet on gold production and its future Mr. Kursell says that Africa has been intensively prospected since the War, and that one may properly conclude that the chances of discovery of new gold mines of magnitude are very much less than is generally supposed. This may be true to a certain extent, but in view of the narrowness of the gold reef wherever it is encountered and the wide expanse of territory in which gold has been found in the Transvaal in some form or another it cannot safely be said that South Africa, much less Africa as a whole, has been intensively prospected. As a matter of fact, there are many in South Africa who are not even satisfied that the full potentialities of the known areas of the Rand itself have been determined as yet. Recently certain developments have taken place not only on the East Rand, which has been responsible for the maintenance of the gold output and even a substantial increase since 1923, but also on the Central Rand and the West Rand.

Mr. Kursell gives a table of the ore reserves of the Rand gold mines as of 1909, 1919 and 1929. The table deals with 58 mines which have been in existence at one time or another during the period from 1909 to 1929, and attention is called to the number of mines which have ceased operations during that period, namely, 27. This figure taken by itself is indeed sufficient to cause anxiety as to future supplies, but the main points which emerge from the very table given by Mr. Kursell, although not mentioned by him, are the following: (1) that of the 27 mines which ceased operations between 1909 and 1929, 18 had already closed down before 1919, and we know that between 1919 and 1929 there was an increase of 25 percent in the gold output of the Rand; (2) that the net total ore reserves of the 27 closed mines were estimated at 25,000,000 tons in 1909, whereas in 1929 it took the ore reserves of only 6 of the new mines opened since 1909 (Government Areas, New State Areas, Spring Mines, etc.) to make up that total; (3) that several of the older mines (Crown Mines, New Modder, Geduld Proprietary, Brakpan Mines, etc.) have increased their ore reserves by millions of tons since 1909; and (4) that amalgamations have been taking place from time to time, as a result of which the number of mines has been automatically reduced.

In authoritative circles in South Africa a great deal is still expected of the Far Eastern Rand, where the Government owns fairly extensive gold areas which are leased to mining companies from time to time on the basis of a sliding scale share of the profits to be paid to the State. It is true that they are deep level propositions and take up a large amount of capital and time before the producing stage is reached, but during the past fifteen years six such mines have come to the producing and profit-earning stage and have proved to be eminently successful paying to the South African Government as its share of the profits a sum of almost $10,000,000 in 1929. In recent years the mining companies have taken up the attitude that, taking into account the large amount of capital required and the risk involved, the Government's terms in respect of new leases applied for have not been sufficiently attractive, and that if the Government were prepared to grant more liberal terms they would be in a position to attract the necessary capital for the working of more of those areas than they have done in the past. In two cases of leased mines the Government's share now is 50 per cent of the net profits, but that is because the profits are so large. The point I wish to make, however, is that the gold is there. It is merely a matter of negotiation between the Government and the mining companies.

Recently the West Rand has also attracted a good deal of attention, after having been neglected for many years. It is believed by some to have great possibilities for mining on a large scale with a view to effecting the necessary economies for working low grade ore profitably. The West Rand has never been thoroughly investigated, but it will no doubt receive more and more attention as the Central Rand nears exhaustion. The Central Rand, however, has disappointed the prophets and seems to get a new lease of life every few years.

The gold areas outside the Rand are also receiving more attention now. The great success which the Sub-Nigel mine has had during the past five or six years will act as a strong incentive for intensive prospecting outside the Rand. Several discoveries of gold have been made in the outlying parts of the Transvaal and some small mines are being worked there at present. In most cases the gold has been found to be of a highly refractory nature and difficult to recover, but provided the incentive is there the metallurgical chemists can be relied upon to find a way out of the difficulty.

With regard to the introduction of fresh capital, it is true that there have been few new issues floated in recent years. The fact, however, is that the South African gold industry has largely become a self-financing industry. The existence of powerful financial groups, each controlling a number of mining companies, and the practice of most companies of retaining a substantial part of the annual profits for development purposes ensure the availability of large capital funds within the industry itself. It is only in exceptional cases that capital is required from outside sources.

Outside of South Africa the effects of lower working costs on such a gold field as the Rand do not seem to be fully appreciated. The Rand is the biggest gold field ever discovered, but it is a relatively low grade proposition, and the success which it has had so far is a great tribute to the men who have controlled it financially, technically and administratively. A large proportion of the ore is classified as unpayable and not worked because of too low grade, but the payability is determined by working costs, and according as working costs fall a larger and larger proportion of the ore comes into the payable zone and automatically lengthens the lives of the mines. If, therefore, as some fear, the gold output does decline considerably in the next decade and forces down prices, this in itself would tend to augment the gold production of the Rand again.

The problem which confronts South Africa, therefore, is how to work the greatest possible proportion of low-grade ore, whether found in low or high grade mines. The Government appears to be fully alive to the importance of the South African national economy of working the low grade ore, as a representative commission was appointed last month to inquire into the whole matter and report to Government thereon. South Africa is in no small degree dependent for its prosperity on the maintenance of the gold industry, and it cannot lightly afford to let that industry decline. Moreover, the gold industry is run by men who have shown what they can do with the odds against them, as during the war and post-war periods when prices and wages were abnormally high, and they can be relied upon to leave no stone unturned to maintain the industry as long as it is humanly possible to do so. Sooner or later a decline will probably have to be faced but it does not appear to be definitely in sight as yet.

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value July 28, 1930, Times Earnings	Dividend Rate
Air Reduction	6 mos.	.10	ND	3.64	16.3(g)	3
Alpha Portland Cement	12 mos.	.05	ND	1.73	14.2	2
Allis Chalmers Mfg.	6 mos.	.05	31	1.87	15.6(g)	3
Amer. Bank Note	6 mos.	.07	ND	2.00	20.6(g)	2
Amer. Chain	6 mos.	.05	23	3.29	9.0(g)	3
Amer. Chicle	6 mos.	.13	ND	2.16	10.6(g)	2(a)
Amer. Founders	6 mos.	.05	35(s)	.60(k)	10.4(g)	4/70 sh.(e)
Anchor Cap	6 mos.	.05	ND	2.04	10.5(g)	2.40
Atlantic Refining	6 mos.	.02	11	1.05(k)	18.3(g)	1(a)
Atlas Powder	6 mos.	.03	ND	1.74(g)	21.3(g)	4(a)
Baldwin Locomotive	6 mos.	.03	15	1.31	9.5(g)	1.75
Bayuk Cigars	6 mos.	.02	ND	1.79	14.0(g)	3
Beech Nut Packing	6 mos.	.08(b)	ND	2.96	9.4(g)	3
Borg Warner	6 mos.	.07	6	1.82	8.4(g)	3
Briggs Mfg.	6 mos.	.10	ND	1.76	7.0(g)	—
Bucyrus-Erie	6 mos.	.05	ND	1.33	9.0(g)	1
Butterick	6 mos.	.02	23	2.04	4.2(g)	—
Canada Dry Ginger Ale	9 mos.	.33	ND	4.64	10.9(g)	5
Caterpillar Tractor	6 mos.	.12	22	2.99	10.6(g)	3(a)
Cluett, Peabody & Co.	6 mos.	.02	ND	1.33	13.3(g)	5
Coca Cola	6 mos.	.16	ND	5.68(b)	15.6(b)(g)	6
Colgate-Palmolive-Peet	6 mos.	.07	NM	1.66	17.5(g)	2½
Colorado Fuel & Iron	6 mos.	.04(b)	80	3.99	13.4(g)	2
Commercial Solvents	6 mos.	.13	ND	.60	22.7(g)	1(a)
Congoleum Nairn	6 mos.	.02	4	.40	16.2(g)	—
Congress Cigar	6 mos.	.07	ND	1.87	7.9(g)	4
Corn Products Refining	6 mos.	.06	2	2.28	21.3(g)	3(a)
Curtis Publishing	6 mos.	.24	ND	5.07	11.3(g)	6(a)
Cutler Hammer	6 mos.	.10	ND	2.43	12.6(g)	3½
du Pont (E. I.) de Nemours	6 mos.	.06	NM	2.84(j)	20.1(g)	4(a)
Endicott Johnson	6 mos.	.03	ND	2.12	11.2(g)	5
Follansbee Bros.	6 mos.	NM	22	0	—	2
Foster Wheeler	6 mos.	.09	ND	4.27	10.0(g)	2
General Electric	6 mos.	.08	1	1.01	36.1(g)	1.60
General Foods	6 mos.	.18	ND	2.01	13.9(g)	3
General Mills	6 mos.	.09	ND	4.83	4.7(g)	3
General Motors	6 mos.	.11	ND	2.32	10.1(g)	3
General Railway Signal	6 mos.	.06	ND	3.03	13.0(g)	5
General Refractories	6 mos.	.06	ND	4.60	8.4(g)	4(a)
Gulf States Steel	6 mos.	(d)	15	(d)	—	4
Hercules Powder	6 mos.	.04	ND	1.99	16.9(g)	3(a)
Hershey Chocolate	6 mos.	.20	ND	4.36	11.5(g)	5
Houston Oil of Texas	6 mos.	.02	16	2.98	14.8(g)	10(e)
Howe Sound	6 mos.	.07	ND	2.38	6.1(g)	4(a)
Hudson Motor Car	6 mos.	.06	ND	2.12	8.1(g)	5
Hupp Motor Car	6 mos.	.02	ND	.33	22.7(g)	2
Industrial Rayon	6 mos.	.05	2	4.50	10.8(g)	5(e)
International Salt	6 mos.	.04	58	1.34(b)	14.5(b)(g)	(r)
International Silver	6 mos.	NM	ND	0	—	6(a)
Island Creek Coal	6 mos.	.05	ND	1.73	10.0(g)	4
Johns-Manville Corp.	6 mos.	.04	ND	1.97	22.3(g)	3
Kelvinator Corp.	9 mos.	.16	19	1.78	7.8(g)	—
Kresge (S. S.) Co.	6 mos.	.08	20(m)	1.19	12.3(g)	1.60
Lambert Co.	6 mos.	.69	ND	5.02	9.2(g)	8
Mathieson Alkali Works	6 mos.	.05	ND	1.57	12.6(g)	2
McKeesport Tin Plate	6 mos.	.10	ND	5.05	8.3(g)	4(a)
Monsanto Chemical Works	6 mos.	.05	14	1.51	15.2(g)	1.25(a)
National Acme	6 mos.	.03	23	.61(b)	11.3(b)(g)	1.50
National Biscuit	6 mos.	.08	ND	1.48	29.3(g)	2.80
New York Dock	6 mos.	.02	104	1.43	11.0(g)	—
North Amer. Aviation	6 mos.	.04	ND	.47	10.9(g)	—
Pacific Mills	6 mos.	(d)	16	(d)	—	—
Packard Motor Car	6 mos.	.08	ND	.36	20.6(g)	1
Paramount Publix Corp.	6 mos.	.06	54(m)(s)	2.96(k)	10.3(g)	4
Patino Mines & Enterprises	6 mos.	(d)	ND	(d)	—	—
Penick & Ford	6 mos.	.07	ND	2.20(b)	10.5(b)(g)	1

(Please turn to page 646)

Building and Loan Associations

We will be glad to answer questions regarding Building and Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Colorado

INVEST

your surplus funds in the Full Paid certificates of the Bankers Building & Loan Association, Denver, Colorado.

IN

five years your original investment will have earned 35% interest (7% per annum payable semi-annually). As this Association operates under strict state supervision,

THE

Safety of your investment is assured. Issued in units of $50.00 to $5,000.00. all dividends from these certificates are exempt from Federal Income Tax to the amount of $300.00. Send today for Booklet MWB explaining this ideal investment.

BANKERS

Building & Loan Association

1510 Glenarm St., Denver, Colo.

Texas

7% With Safety

Our Full Paid Certificates, secured by First Mortgage Notes on improved real estate, pay 7% per annum—dividends payable July 1st and January 1st.

Installment and Prepaid Certificates are participating and now earning 8%. State supervision insures the safety of your investment.

Located at El Paso, Texas, where real estate values are not inflated.

Send for descriptive literature

People's Bldg. & Loan Ass'n

Resources in excess of $3,000,000.00

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To Building and Loan Investors:—

We are endeavoring to give our subscribers and readers more explicit information on their B.& L. holdings. Therefore, we will be pleased to give you an opinion on any individual Association located in the United States, provided we have available data on which to base an opinion. Address Building & Loan Association Dept., The Magazine of Wall Street, 42 Broadway, New York City.

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Colorado's largest Guaranty Capital Association. State supervised.

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SILVER STATE

Building and Loan Association

1644 Welton St. Denver, Colo.

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7% Fully Paid Certificates

6% Coupon Certificates

with

"Arizona's Largest Association"

FIRST NATIONAL

Building & Loan Association

106-8 So. Central Ave., Phoenix, Ariz.

Write for Explanatory Literature

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8% Payable Semi-Annually or compounded. Dividends Guaranteed by Paid-in guarantee capital. Under supervision State Superintendent of Banks and Building and Loan Board. No membership or withdrawal fees.

Florence Building and Loan Association

W. L. Foy, Sec.-Treas. Florence, Ala.

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8% ⟷ 8% We Pay

cash dividends, payable quarterly on Fully Paid Shares.

San Angelo Bldg. & Loan Assn.

(Under State Supervision)

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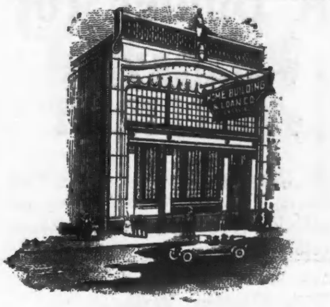
Florida



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JACKSONVILLE, FLORIDA

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Wichita Falls Building & Loan Association

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Dividends exceed million dollars. Assets four million. Invest in the growing Southwest for SAFETY, CONVENIENCE *and* PROFIT

Recent Reported Earning Position of Leading Companies

(Continued from page 644)

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value July 28, 1930, Times Earnings	Dividend Rate
Penn. Dixie Cement	12 mos.	.02	57	0	—	—
Phillips Petroleum	6 mos.	.04	28	1.38	12.3(g)	2(a)
Pierce Arrow Motor Car	6 mos.	.08	ND	1.57-A	6.9(g)	—
Prairie Pipe Line	6 mos.	.08	ND	2.60	8.9(g)	3(a)
Procter & Gamble	Year	.21	10	3.37	21.9	2.40
Purity Bakeries	28 wks.	.08	28(s)	3.00	11.7(g)	4
Scott Paper	6 mos.	.08	6	2.64	9.3(g)	1.40
Skelly Oil	6 mos.	.03	33	1.09	14.1(g)	2
Spang. Chalfant	Quarter	.03	30	1.01	8.0(g)	—
Sterling Securities	6 mos.	.03	ND	.33-A	18.9(g)	—
Stewart-Warner	6 mos.	.05	ND	1.17	11.8	2
Sun Oil	6 mos.	.23	56	2.42	12.2	1
Texas Gulf Sulphur	6 mos.	.27	ND	2.93	10.2(g)	4
Timken Roller Bearing	6 mos.	.13	ND	2.54	12.4(g)	3
Truscon Steel	6 mos.	.04	NM	.92	15.9(g)	1.20
Union Carbide & Carbon	6 mos.	.05	5(s)	1.42	26.4(g)	2.60
U. S. Distributing	6 mos.	.01	31	0	—	—
U. S. Hoffman Machinery	6 mos.	.01	ND	.46	19.4(g)	2
U. S. Industrial Alcohol	6 mos.	.01	ND	1.47	24.5(g)	6(a)
U. S. Leather	6 mos.	.01	ND	0	—	—
U. S. Pipe & Foundry	6 mos.	.03	ND	1.76	9.8(g)	2
Virginia Iron, Coal & Coke	6 mos.	(d)	19	(d)	—	—
Ward Baking	27 wks.	.02	13(m)	0	—	—
Warren Foundry & Pipe	6 mos.	.01	11	.64	26.1(g)	2
Westinghouse Air Brake	6 mos.	.06	ND	1.26	15.5(g)	2
Westinghouse Elec. & Mfg.	6 mos.	.04	ND	3.13(x)	24.1(g)	5
Westvaco Chlorine Products	6 mos.	.08	40	1.66	12.3(g)	2
Worthington Pump & Mach.	6 mos.	.04	ND	4.31	15.8(g)	—
Wrigley (Wm.), Jr.	6 mos.	.12	ND	2.82	14.0(g)	4
Yellow Truck & Coach	6 mos.	.04	ND	.43(z)	—	—
Young (L. A.) Spring & Wire	6 mos.	.12	7	2.62	6.7(g)	3

Railroads

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value July 28, 1930, Times Earnings	Dividend Rate
Alleghany Corp.	6 mos.	.01	51	.15	75.0(g)	—
Baltimore & Ohio	1929	.07	127	10.30	10.4	7
Bangor & Aroostook	6 mos.	.08	126	8.31	4.5(g)	3½
Chesapeake Corp.	6 mos.	.03	55	1.65	19.7(g)	3
Chesapeake & Ohio Ry.	6 mos.	.05	71	9.77	9.7(g)	10
Chicago Great Western	6 mos.	NM	39	0	—	—
Chicago, Rock Island & Pac.	6 mos.	.01	165	0	—	7
Erie	6 mos.	NM	83	0	—	—
Missouri-Kansas-Texas	6 mos.	.01	68	0	—	1
Missouri Pacific	6 mos.	.01	173	.67(z)	53.0(g)(z)	—
N. Y., Chicago & St. Louis	6 mos.	NM	116	0	—	6
N. Y., New Haven & Hartford	6 mos.	.03	109	3.06	17.5(g)	6
Norfolk & Western	6 mos.	.04	36(j)	10.15	11.2(g)	10
Pere Marquette	6 mos.	.01	53	1.07	61.9(g)	6(a)
Pittsburgh & W. Va.	6 mos.	.02	23	2.60	16.8(g)	6
St. Louis-San Francisco	6 mos.	.01	204	1.21	38.0(g)	8
St. Louis-Southwestern	6 mos.	NM	102	0	—	—
Texas & Pacific	6 mos.	.01	72	2.72	21.5(g)	5
Wabash	6 mos.	.01	70	0	—	—
Western Maryland	6 mos.	NM	70	.43	29.9(g)	—

Public Utilities

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value July 28, 1930, Times Earnings	Dividend Rate
American Tel. & Tel.	6 mos.	.04	32	5.71(k)	19.1(g)	9
Brooklyn-Manhattan Transit	Year	.08	167	7.69	8.7	4
Commonwealth Edison	12 mos.	.07	54	12.08	25.6	8
Commonwealth & Southern	12 mos.	.05	83	.69	21.0	.60
Detroit Edison	12 mos.	.07	60	10.02	21.6	8
Federal Water Service	12 mos.	.05	149(s)	3.01-A	11.9-A	2.40-A
Hudson & Manhattan	6 mos.	.02	147	2.51	9.3(g)	3½
New England Tel. & Tel.	6 mos.	.05	93	4.40	16.4(g)	8
Niagara Hudson Power	12 mos.	NR	NR	.62	28.2	.40
Pacific Lighting	12 mos.	.09	127	4.67(k)	18.0	3
People's Gas, Light & Coke	12 mos.	.08	87	11.29	24.3	8
United Gas Improvement	6 mos.	.05	60(s)	.83	22.6(g)	1.20
United Light & Power	12 mos.	.09	125	2.40-AB	17.5	1
Western Union	6 mos.	.02	36	4.22	20.1(g)	8

(a) And extra. (b) Before taxes. (d) Deficit. (e) Payable in common stock. (g) Based upon estimated annual earnings as indicated by period reported. (j) Including joint obligations. (k) On average number of shares outstanding during period. (m) Including mortgages. (r) Rate not yet established on new stock. (s) Including obligations of subsidiaries. (x) On combined preferred and common. (z) Not allowing for accumulated dividends. A—Class A stock. B—Class B stock. ND—No funded debt. NM—Negligible. NR—Unavailable.

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of a Colorado building and loan association operating under strict state supervision—their investment features and why—are explained in an interesting folder. (467).

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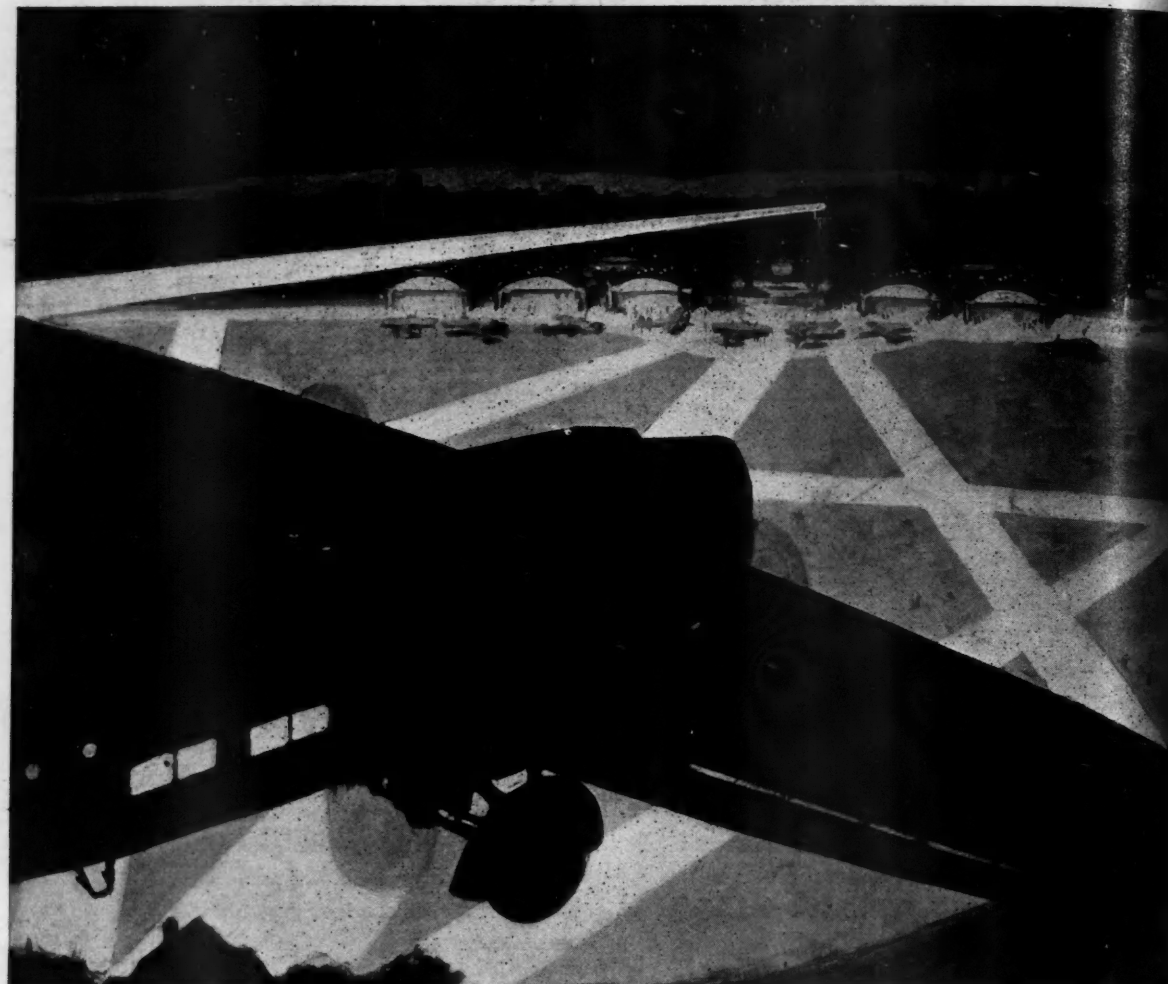

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